

TOWN OF BLACKSBURG, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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Introductory Section

October 11, 2002

The Honorable Mayor, Members
of the Town Council, and Citizens
of the Town of Blacksburg, Virginia

The ***Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2002*** is respectfully submitted for your review. Responsibility for the accuracy, completeness and fairness of the presentation, including all disclosures, rests with Town management. To this end, we believe that the data presented is accurate in all material respects and reports in a fair manner the position, results of operations and cash flows of the various funds and account groups of the Town. This report reflects the financial results of all Town funds and account groups. All disclosures necessary to enable you to gain an understanding of the Town's financial activities for this period have been included.

The ***Comprehensive Annual Financial Report (CAFR)*** is presented in four sections.

- 1) The **Introductory** section includes this transmittal letter, the most current Certificate of Achievement for Excellence in Financial Reporting, the organizational chart of Town operations and a Directory of Officials.
- 2) The **Financial** section includes the Independent Auditor's Report on Financial Statements and Schedules, Combined Financial Statements, Notes to Financial Statements, General Fund Statements, Capital Project Funds Statements, Proprietary Funds Statements, Agency Funds Statements, General Fixed Assets Statements and Supplemental Statement and Schedules.
- 3) The **Statistical** section includes financial and demographic information together with miscellaneous information about the Town of Blacksburg.
- 4) The **Compliance** section contains Independent Auditor's Reports on Compliance and Internal Controls and information related to the annual single audit as described by the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, ***Audits of States and Local Governments, and Non-profit Organizations.***

The Town and the Reporting Entity

The Town of Blacksburg was founded and organized in 1798 and incorporated in 1871. The Town is located in Montgomery County, Virginia approximately 40 miles southwest of Roanoke, Virginia. The Town has a land area of 19.6 square miles, expanded from 18.7 square miles by a boundary adjustment negotiated with Montgomery County in 1998. Blacksburg is the largest town in Virginia with a 2002 population of 40,294. Town residents are citizens of and are subject to taxation by Montgomery County.

The Town has been organized under the Council-Manager form of government since 1952. Town Council is the legislative body of the Town and is empowered by the Town Charter to make all Town policy. The Council, including the Mayor, is elected at large for four-year overlapping terms.

Town Council appoints a Town Manager to serve as the chief administrative officer of the Town. The primary duties and responsibilities of the Town Manager include preparation, submittal and administration of the capital and operating budgets, handling citizen concerns, enforcement of the Town Charter and laws of the Town, advising the Council on the affairs of the Town and direction and supervision of all departments.

Town operations consist of seven operational departments, two volunteer departments and three administrative functions. The seven operational departments include Financial Services, Parks and Recreation, Planning and Engineering, Police, Public Works, Technology and Transit. The Blacksburg Fire Department and Blacksburg Rescue Squad are volunteer operations with full-time support staff. In addition, the Town Attorney, Town Clerk and Town Manager provide administrative support and each is appointed by Town Council. Each department has a Director or Manager that reports to the Town Manager. Services provided by the Town include public safety, such as police, fire and rescue support; street and sidewalk maintenance; snow removal and utility operations; coordination of recycling and refuse services; mass transit; development and maintenance of parks, swimming pools, and a golf course; and planning, zoning and fiscal management.

Primary and secondary education is provided by Montgomery County Public Schools. The Town plays no part in financing or operating public schools, although residents of the Town do assist in financing the operation of the schools through payment of property taxes to Montgomery County. However, the Town has participated with Montgomery County in the construction and financing of a joint school-park complex within the Corporate limits.

The operations and activities of the Town of Blacksburg are driven by a ***Mission and Values Statement*** adopted by Town Council in 1992 and revised in mid-1996.

The Mission of the Town of Blacksburg

The government of the Town of Blacksburg exists to promote and sustain a superior quality of life in Blacksburg. In partnership with the community, we pledge to deliver cost-effective services in a personal, responsive and innovative manner.

The Government of Blacksburg Values:

- ⇒ Citizens as customers, deserving the highest quality of service delivered by a local government.
- ⇒ An open, accessible government, where citizen involvement, individually and collectively, is vital.
- ⇒ Encouragement of progressive thinking through employee involvement and teamwork.
- ⇒ Fairness, integrity, and trust as essential qualities of ethical governance.
- ⇒ A community that is renowned for its beauty and cleanliness.
- ⇒ Taking pride and achieving the highest quality in all we do.

- ⇒ Positive liaisons with local government organizations.
- ⇒ Achievement of a positive solution to every problem.
- ⇒ People as our most important resource.
- ⇒ Responsibility and accountability.
- ⇒ Public safety for all citizens.

Furthermore, it is recognized among employees that ***"Every citizen contact is an opportunity to demonstrate these values."***

This ***Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2002*** demonstrates the financial commitment and accountability of the Town to our ***Mission and Values***.

Economic Condition and Outlook

The economic condition and outlook for the Town of Blacksburg is stable. Managed growth coupled with stability defines the character of the municipal corporation for both FY 2002 and for the near future. The Town's major employer, Virginia Tech, is the largest university in the Commonwealth and is located on over 2,600 acres with more than 100 buildings on its campus. Virginia Tech continues to position itself as a major research institution with a high level of effort being concentrated on Intelligent Vehicle Highway System (IVHS) technology. Growth in technology-based research and the spawning of businesses from the Corporate Research Center reflect well on the area and the wealth of resources offered by a major academic institution make the Town an attractive venue for business.

The presence of Virginia Tech as a corporate citizen brings many advantages to the economic condition of the Town. The combination of approximately 26,000 students and 6,000 faculty and administrators bring significant buying power to the merchants and tax base of the Town. The presence of Virginia Tech offers the stability essential to a local government.

Local industry serves as a strong complement to the presence of Virginia Tech. Manufacturers active in the production of automobile components and electronic/fiber-optic technology continue to provide an employment base that contributes significantly to the economy of the Town. Recent expansion of a worldwide distribution center in the Town's industrial park adds to the economic growth of the area.

The retail sector in the Town has experienced change during the past few years. With the continued development of a regional shopping area just to the south of the corporate limits attracting national franchise outlets, the Town has been challenged with developing specialty niches that the Blacksburg community will support. Of course, the college population supports retail and restaurant activity geared toward the student sector; and the recent addition of ethnic-oriented grocery stores and restaurants targets the diverse population common to a University community. In 2001, the Town was named one of the "10 Dream Towns" in the United States by Outside magazine. In 2002, the Town was ranked "the 8th best place in the country and the very best place in the mid Atlantic to live" by Men's Journal magazine.

Along with the development of "niches" for targeted populations, the Town also actively pursues special events that will bring visitors and associated revenue to the Town. On December 31, 2000, the Town held its first First Night Celebration. This has become an annual tradition with our second First Night Celebration held on December 31, 2001.

Major Initiatives

For the Year Ended June 30, 2002:

The common thread throughout the FY 2001-2002 budget was to continue to concentrate on our commitment to outstanding service delivery and progressiveness in local government. To demonstrate the Mission and Values of the Town, and to focus our financial resources to emphasize Blacksburg as "The Most Exciting Town in Virginia". The identification of Major Initiatives represents an approach to making a traditional "number-driven" document a more "mission-driven" work and action plan for the fiscal year, with a commitment to outstanding service delivery.

Recognizing the importance of the Town's infrastructure, FY 2002 capital improvement expenditures focused on infrastructure maintenance projects and equipment replacement. Capital improvement expenditures were \$3,096,783 in FY 2002.

For the Future:

The FY 2002 budget demonstrates the Town's commitment to outstanding service delivery and progressiveness on local government. Revenue projections in FY 2003 reflected the declining economic environment with reliance upon annual revenue to finance operating expenditures. An amount of \$430,000 from fund balance is included for the financing of operations until state funding is reinstated.

Specific projects for FY 2002/2003 are:

- Implement a comprehensive Downtown Development Plan in concert with the major stakeholders in the downtown area focusing on the elements of streetscape enhancements, parking, special events, and retail diversity.
- Implement the Economic Development Strategic Plan. The plan analyzes the Town's economic base trends, business climate factors, real estate market trends, retail market trends, as well as, the community's economic vision and goals. The plan recommends over 90 actions to guide the Town's economic development future.
- Implement Egov initiatives to provide services for citizens over the web.
- Continue our commitment to maintain and upgrade our infrastructure.
- Continue the Neighborhood Enhancement Program to support and rebuild the quality of life in neighborhoods throughout the Town.
- Continue to upgrade parks and facilities to better suit the needs of the community.

The future of the Town is both exciting and challenging. Major initiatives ranging from the impact of the Technology Plan to the continued development and responsiveness of the Town to its customers will position our community well in the new century.

Financial Information

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse. This structure endeavors to ensure that adequate accounting records are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- 1) the cost of the control should not exceed the benefits likely to be derived; and,
- 2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal and state financial assistance, the Town is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by Town management.

As part of the single audit, tests are made to determine the adequacy of the internal control structure. These tests cover that portion related to federal financial assistance programs. The tests also determine whether the government has complied with applicable laws and regulations. The results of the single audit for the fiscal year ended June 30, 2002 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls

The Town maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget adopted by the Town Council. The Town maintains an encumbrance accounting system at the sub-function level as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances are generally reappropriated as part of the following year's budget.

All expenditures, other than those associated with personnel services, are controlled by a procurement system, which encumbers purchase orders against budgeted amounts prior to the release of a vendor contract. Purchase orders can only be issued if appropriations are available.

Evidence of continued sound financial management is reflected in the statements and schedules included in the Financial Section of this report.

Governmental Fund Types

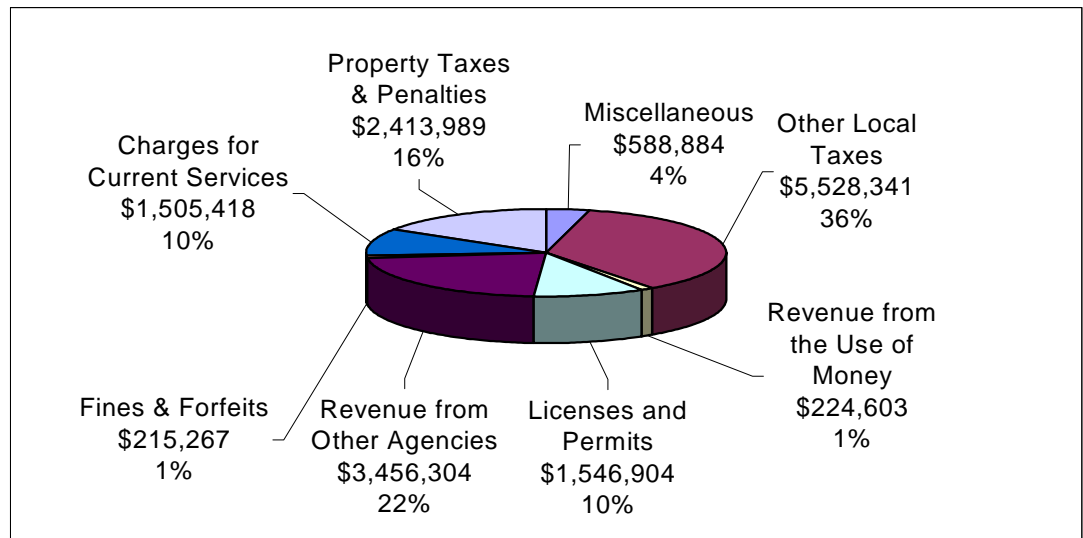
Revenues

The following tabulation presents a summary of all governmental fund type revenues for the fiscal year ending June 30, 2002 and the amount and percentage of increases and decreases in relation to prior fiscal year revenues.

Governmental Fund Type Revenues

Revenue Sources	FY 2002 Amount	Percent of Total	FY 2001 Amount	Amount Increase (Decrease) Over FY 2001	Percent Increase (Decrease) Over FY 2001
Property Taxes and Penalties	\$ 2,413,989	15.6%	\$ 2,355,669	\$ 58,320	2.5%
Other Local Taxes	5,528,341	35.7	5,388,757	139,584	2.6
Licenses and Permits	1,546,904	10.0	1,575,386	(28,482)	(1.8)
Revenue from Other Agencies	3,456,304	22.3	3,022,890	433,414	14.3
Charges for Current Services	1,505,418	9.7	1,166,655	338,763	22.5
Fines and Forfeits	215,267	1.4	210,708	4,559	2.2
Revenue from Use of Money	224,603	1.5	467,945	(243,342)	(52.0)
Other	<u>588,884</u>	<u>3.8</u>	<u>650,119</u>	<u>(61,235)</u>	<u>(9.4)</u>
Total	<u>\$15,479,710</u>	<u>100.0%</u>	<u>\$ 14,838,129</u>	<u>\$ 641,581</u>	<u>4.3%</u>

Governmental Fund Type Revenues \$ 15,479,710



Total real estate tax collections were 94.0% of the current real estate tax levy of \$2,480,104. The Town had exhibited a tax collection rate in excess of 97% for the past twenty years. Historically, the property tax levy has been allocated to General Fund Revenue as follows:

Real Estate Tax Rate
(amount per \$100 assessed value)

Purpose	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund Revenue	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20

Other Local Taxes continue to be the major source of revenue for the Town. Several factors contributed to a 2.6% growth in this category over FY 2002. A large student body at Virginia Tech and excellent attendance at home football games accounted for a 7.3% increase in the meals tax component. A decline in the Town's school age population contributed to a 1.6% decrease in local sales and use taxes.

Licenses and Permits experienced a 1.8% decrease over FY 2001 primarily due to a reduction in building permits revenue.

Revenue from Other Agencies experienced a 14.3% increase which is due to the increase in the street and highway maintenance allocation from the Commonwealth over FY 2001 allocation and a \$200,000 Transportation Enhancement Grant used to purchase property and \$119,793 from the state to implement a wireless E911 system.

Charges for Current Services increased in the amount of \$433,414 or 22.5% compared to FY 2001. This increase is due to increases in the quasi-external revenue and sale of surplus vehicles.

Fines and Forfeitures reflected an increase in revenue in FY 2002. This increase is \$4,559 or 2.2% is due to stability in court fines and forfeitures after years of decline due to community sentencing as an alternative to fines.

Revenue from the Use of Money decreased this year due to the lower interest rate environment and the use of the proceeds from the 2001 bond sale.

Miscellaneous Revenue decreased \$61,235 or 9.4% primarily due to a decrease in the capital project miscellaneous income due to Virginia Tech's contribution to the purchase of fire capital equipment in FY 2001.

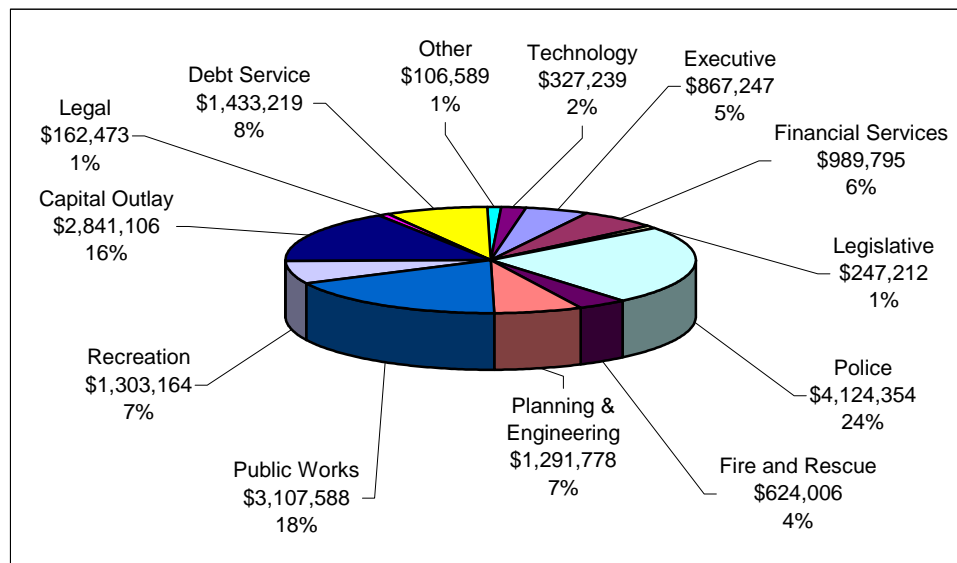
Expenditures

Following is a summary of all Governmental Fund Type expenditures for the fiscal year ending June 30, 2002. The schedule also provides a comparison of expenditures with the prior fiscal year.

Governmental Fund Type Expenditures

	FY 2002 Amount	Percent of Total	FY 2001 Amount	Increase (Decrease) Over FY 2001	Percent Increase (Decrease) Over FY 2001
Legislative	\$ 247,212	1.4%	\$ 218,723	\$ 28,489	13.0%
Executive	867,247	5.0	662,525	204,722	30.9
Legal	162,473	0.9	166,642	(4,169)	(2.5)
Financial Services	989,795	5.7	900,475	89,320	9.9
Technology	327,239	1.9	272,511	54,728	20.1
Police	4,124,354	23.7	3,820,171	304,183	8.0
Fire and Rescue	624,006	3.6	440,683	183,323	41.6
Planning & Engineering	1,291,778	7.4	1,178,196	113,582	9.6
Public Works	3,107,588	17.8	3,176,698	(69,110)	(2.2)
Recreation	1,303,164	7.5	1,205,198	97,966	8.1
Capital Outlay	2,841,106	16.3	4,371,051	(1,529,945)	(35.0)
Debt Service	1,433,219	8.2	1,110,892	322,327	29.0
Other	106,589	0.6	25,434	81,155	319.1
Total	<u>\$17,425,770</u>	<u>100.0%</u>	<u>\$17,549,199</u>	<u>\$ (123,429)</u>	<u>(0.7)%</u>

Governmental Fund Type Expenditures \$17,425,770



Significant changes in expenditure patterns occurred in the Legislative, Executive, Technology, Fire and Rescue, Capital Outlay and Other functional areas when compared to the prior fiscal year. The increases in these functional areas are in conjunction with major initiatives in the FY 2002 budget and the reduction of projects approved in the FY 2002 Capital Improvement Program Budget. In the remaining departments, the FY 2002 budget guidelines provided for funding at no greater than 2% of FY 2001 operating expenditures and a 6% average increase in personnel services, as well as a market adjustment study of many positions. Also there were increases in the health insurance in personnel services.

Capital Outlay includes expenditures in conjunction with various projects as approved in the FY 2002 Capital Improvement Program Budget.

General Fund Balance

The fund balance of the General Fund decreased during FY 2002 from a balance of \$2,636,971 to \$1,999,469 due to the use of proceeds of the 2001 general obligation bond sale. Undesignated fund balance, which is defined as available or not committed for a particular purpose, was \$1,350,091 or 10.3% of General Fund expenditures exclusive of Debt Service and Capital Outlay as of June 30, 2002.

Capital Improvement Program

The Town Charter requires the Town Manager to prepare and submit to the Town Council a five-year Capital Improvement Program at least three months prior to the final date for submission of the operating budget. The Capital Improvement Program includes a list of all capital improvements which are proposed for the next five fiscal years, with appropriate supporting information as to the necessity for such improvements, cost estimates, methods of financing, proposed time schedule and estimated annual cost of operation and maintenance of the proposed program.

Proprietary Fund Types

Enterprise Funds

The Town operates four enterprise funds. These are the Water and Sewer Fund, Golf Course Fund, Transit Fund and Waste Management Fund. Enterprise funds are maintained on a full accrual basis. These funds were established to account for the financing of self-supporting activities of the Town that render services to citizens on a user fee or user reimbursement basis.

Water and Sewer Fund - Total revenues earned by the Water and Sewer Fund reflect a decrease of \$166,030 or 2.5% over the prior year. This decrease is due to the reduction in interest on investments due to the interest rate environment and to continued implementation of a plan designed by Ernst & Young to ensure long-term strength and stability for the Fund. In FY 2002, sewer rates were again increased in accordance with the Ernst & Young plan. The Fund experienced an operating income of \$862,917. This Fund will continue to be closely monitored to ensure long-term fiscal integrity and stability. According to a revision to the Ernst & Young plan, the Sewer fund balance is projected to reach the target level by FY 2003, the Water Fund reached its target fund balance in FY 1999. The target operating reserve equals three months of operations and maintenance expense and the target capital reserve equals 3% of fixed assets. Total retained earnings for the Water and Sewer Fund as of June 30, 2002 was \$6,100,515.

Golf Course Fund - The Town's Golf Course, a nine-hole facility located at the eastern terminus of Graves Avenue had a slow year. Operating loss for the Fund was \$106,277, which is equivalent to 46.7% of revenues earned. Total retained earnings for the Fund as of June 30, 2002 was \$(55,510). This deficit is expected to be recovered from future user charges and expected increased participation from improvements made to the course during this fiscal year.

Transit Fund - Ridership on Blacksburg Transit has increased steadily and is over 2.0 million passengers. Total retained earnings for the Transit Fund as of June 30, 2002 was \$5,742,373.

Blacksburg Transit is primarily dependent upon payments from Virginia Tech, the Town of Christiansburg, farebox receipts, and Federal and State grants for operation and capital equipment purchased. No Town generated revenue is used to support Blacksburg Transit.

Waste Management Fund - FY 2002 reflects the eighth year of waste management functions operating on an Enterprise Fund basis. With the stabilization of landfill tipping fees imposed by Montgomery County at \$49.00/ton, and an increase in funds charged the fund will become stable again. The Town continues to search for opportunities to divert materials from the solid waste stream taken to the landfill. Total retained earnings for the Waste Management Fund as of June 30, 2002 was \$(64,678). This deficit is expected to be recovered from future user charges.

Internal Service Fund

Equipment Operations Fund - The Equipment Operations Fund was established to finance and account for maintenance services and repairs furnished for all Town equipment and vehicles. Revenue to support the Fund is derived from user charges assessed to other Town departments. These charges are based on historical maintenance costs of the vehicles assigned to and used by the individual departments.

Fiduciary Fund Type

Agency Fund - An agency fund is established to administer resources received and held by a governmental unit as the trustee or as the agent for others. The Town acts as a Fiscal Agent for State funds on a reimbursement basis for the Virginia Alcohol Safety Program (VASAP) and beginning this fiscal year, for the Virginia Tech/Montgomery Regional Airport Authority.

Account Groups

General Fixed Assets - The General Fixed Assets Account Group summarizes those fixed assets used in the performance of general governmental functions and excludes the fixed assets of the enterprise and internal service funds. Only those assets with a per unit cost of \$5,000 or more and which have a useful life of three years or more are considered fixed assets. Major improvements which are of value only to the Town, such as roads, storm sewers, curbs and sidewalks, and rights-of-way are not included.

Depreciation is not recorded in the General Fixed Assets Account Group. As a result, the cost of equipment shown is greater than the current fair market value and the cost of land and buildings shown is significantly less than the current market value.

General Long-Term Debt Account Group - The accounts in the General Long-Term Debt Account Group represent the long-term liabilities of the Town. The long-term debt of Enterprise Fund operations is accounted for in their respective funds. During the year, \$720,979 of general long-term debt was retired.

Debt Administration

The Debt Service Fund accounts for the payment of interest and principal of long-term obligation debts. Serial bonds are serviced by this Fund. During the year, interest payments on debt are also paid from this Fund. Total General Fund debt service payments for FY 2001/2002 were \$1,177,542. Outstanding general obligation public improvement bonds at June 30, 2002 totaled \$13,200,000 of which 33 percent represents debt issued for Water and Sewer Fund capital improvement projects and 4 percent represents debt issued for a Golf Course Fund capital improvement project. Although these are classified as general obligations of the Town, they are considered to be self-supporting.

Summary of Debt Service

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Net direct tax-supported debt:			
Principal	\$720,979	\$1,524,443	\$679,310
Interest and other issuance costs	<u>456,563</u>	<u>369,456</u>	<u>387,761</u>
Total tax-supported debt	1,177,542	1,893,899	1,067,071
Self-supporting debt total:			
(Water and Sewer Fund)			
Principal	323,671	803,641	260,690
Interest	<u>211,803</u>	<u>166,136</u>	<u>158,233</u>
Subtotal	<u>535,479</u>	<u>969,777</u>	<u>418,923</u>
(Golf Course Fund)			
Principal	20,350	55,000	5,000
Interest	<u>22,992</u>	<u>13,375</u>	<u>7,095</u>
Subtotal	<u>43,342</u>	<u>68,375</u>	<u>12,095</u>
Total self-supporting debt	<u>578,821</u>	<u>1,038,152</u>	<u>431,018</u>
Total Debt Service	<u>\$1,756,363</u>	<u>\$ 2,932,051</u>	<u>\$ 1,498,089</u>

Cash Management

The Town administers an aggressive cash management and investment program. The primary goals of the program are to maximize the amount of cash available to meet both daily needs and to increase the amount available for investment. The program seeks to minimize credit and market risks while maintaining a competitive yield in its portfolio. The Town's Investment and Portfolio Policies provide detailed guidelines and standards in choosing investment vehicles.

Cash temporarily idle during the year was invested in Money Market accounts, Certificates of Deposit, the State Treasurer's Local Government Investment Pool (LGIP), and the State Non-arbitrage Program (SNAP). The Town earned \$412,410 in interest income from all investments (including those earned by the Enterprise Funds). As of June 30, 2002, the Town's cash resources were divided between demand deposits, Certificates of Deposit, Money Market accounts, SNAP, and the LGIP. Interest earnings of \$224,603 for governmental fund types was equivalent to 2 cents on the Town's real estate tax rate of \$.20 cents for the fiscal year ended June 30, 2002.

Risk Management

The Town's various property and liability insurance coverages are offered for competitive proposal every three years.

The cost of insurance premiums are allocated to specific program areas, departments and funds based on assigned equipment, number of personnel, buildings occupied, total budget or other equitable cost basis.

Other Information

Independent Audit

Article III, Section 3.13 of the Town Charter provides for an independent annual audit of Town accounts. The Council designates the independent auditor to conduct the annual audit and may provide for more frequent audits as it deems necessary.

The financial accounts and records of the Town have been examined by Brown, Edwards & Company, L.L.P., Certified Public Accountants. In addition to meeting the requirements set forth in the Town Charter, the audit also was designed to meet the requirements of the OMB Circular A-133. This requirement has been complied with and the independent auditor's report is included in the Compliance section of this report.

Awards

Certificate of Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Blacksburg for its comprehensive annual financial report for the fiscal year ended June 30, 2001. This was the twenty-second consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Distinguished Budget Presentation Award

GFOA has also awarded the Town with the prestigious Distinguished Budget Presentation Award for the Fiscal Year Beginning July 1, 2002. This is the eleventh consecutive year that the Town has achieved this honor.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

Acknowledgments

"People working together ---- communicating, sharing, supporting, helping, caring, encouraging ---- can accomplish anything. By uniting our efforts we can reach a higher goal."

The preparation of this report is only possible through the uniting of the many efforts of employees throughout the Town with particular recognition to the staff of the Department of Financial Services. By working together and through the support of the Town Council and the citizens of the Town of Blacksburg, we are able to continue to maintain a high level of fiscal integrity and accountability.

BLACKSBURG – The Most Exciting Town in Virginia

Respectfully submitted,

Gary A. Huff
Town Manager

Susan H. Kaiser, CPA
Director of Financial Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Blacksburg,
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

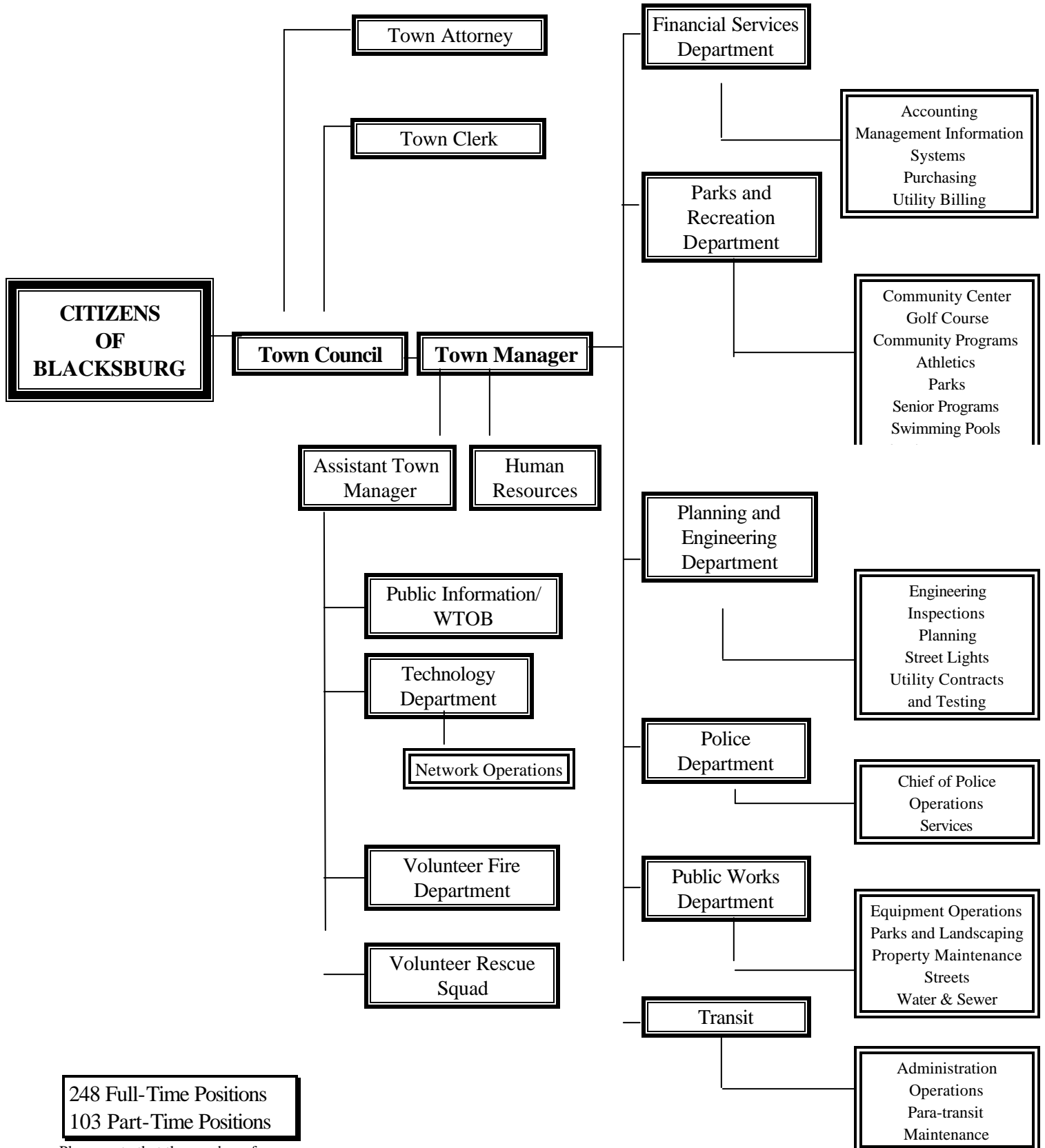


William Patrick Pate
President

Jeffrey L. Esser
Executive Director

Town of Blacksburg

ORGANIZATION CHART



248 Full-Time Positions
103 Part-Time Positions

Please note that the number of employees in each Department are reflected in each Department's Organization Chart

TOWN OF BLACKSBURG, VIRGINIA

Directory of Officials
(June 30, 2002)

TOWN COUNCIL

Roger E. Hedgepeth, Mayor
Ron Rordam, Vice Mayor
R. Michael Chandler
Alvah T. Leighton, Jr.
Joyce K. Lewis
Frances M. Parsons
Thomas Sherman

TOWN ADMINISTRATIVE STAFF

Town Manager - Gary A. Huff
Town Attorney - Kathleen Dooley
Town Clerk - Donna Boone-Caldwell, C.M.C
Director of Financial Services - Susan H. Kaiser, CPA
Director of Planning and Engineering - Adele P. Schirmer, P.E.
Chief of Police - William H. Brown
Director of Public Works - S. Kelly Mattingly
Director of Parks and Recreation - Dean Crane
Director of Transit – Rebecca Martin
Director of Technology - Steven Jones

INDEPENDENT AUDITORS

Brown Edwards & Co. LLP
Certified Public Accountants
Roanoke, Virginia

Financial Section

INDEPENDENT AUDITOR'S REPORT

Honorable Members of Town Council
Town of Blacksburg, Virginia

We have audited the accompanying general purpose financial statements of the Town of Blacksburg, Virginia, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Town, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2002, on our consideration of Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis, and are not a required part of the general purpose financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general purpose financial statements of Town. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The information listed in the introductory and statistical sections of the table of contents are not a required part of the basic financial statements, and we did not audit or apply limited procedures to such information. Accordingly, we do not express any assurances on such information.

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 11, 2002

Combined Financial Statements

TOWN OF BLACKSBURG, VIRGINIA

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 2002

<u>Assets and Other Debits</u>	Governmental Fund Types		
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash and cash equivalents (Note 2)	\$ 1,675,756	\$ ---	\$ 923 398
Cash with fiscal agents (Note 2)	---	---	---
Restricted cash and cash equivalents (Note 2)	---	---	2,468,211
Investments (Note 2)	---	---	3,663,000
Receivables (net):			
Delinquent taxes, including penalties	54,370	---	---
Utilities	---	---	---
Accounts	593,713	---	75,326
Accrued Interest	13,006	---	18,373
Due from other funds (Note 3)	521,288	---	462,983
Due from other governments (Note 4)	586,363	---	---
Inventories	126,260	---	---
Prepaid Items	13,119	---	---
Fixed Assets (Notes 5 & 6)	---	---	---
Amount to be provided for retirement of general long-term obligations	---	---	---
Total assets and other debits	<u>\$ 3,583,875</u>	<u>\$ ---</u>	<u>\$ 7,611,291</u>

See accompanying notes to financial statements.

Exhibit I

Proprietary Fund Types		Fiduciary	Account Groups		Totals	
Enterprise	Internal Service	Fund Type	General	General Long	(Memorandum Only)	
		Agency	Fixed Assets	Term Debt	2002	2001
\$ 4,255,897	\$ 15,129	\$ 42,107	\$ ---	\$ ---	\$ 4,985,548	\$ 2,036,026
160,112	---	---	---	---	595,814	367,702
171,875	319,826	29,587	---	---	984,271	1,469,054
185,407	---	---	---	---	375,628	253,717
196,988	22,558	---	---	676,204	990,442	820,847
5,635,136	---	---	---	8,394,612	14,029,748	15,197,290
---	---	241,205	---	---	241,205	286,713
<u>\$ 10,605,415</u>	<u>\$ 357,513</u>	<u>\$ 312,899</u>	<u>\$ ---</u>	<u>\$ 9,070,816</u>	<u>\$ 22,202,656</u>	<u>\$20,431,346</u>
---	---	---	22,031,880	---	22,031,880	23,960,894
5,799,563	39,237	---	---	---	5,838,800	6,533,404
11,722,700	(221,753)	---	---	---	11,500,947	7,487,390
---	---	---	---	---	219,378	348,430
---	---	---	---	---	7,769,684	8,299,359
---	---	---	---	---	1,350,091	883,541
<u>11,722,700</u>	<u>(221,753)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>19,040,100</u>	<u>17,018,720</u>
<u>\$ 17,522,263</u>	<u>\$ (182,516)</u>	<u>\$ ---</u>	<u>\$ 22,031,880</u>	<u>\$ ---</u>	<u>\$ 48,710,780</u>	<u>\$47,513,018</u>
<u>\$ 28,127,678</u>	<u>\$ 174,997</u>	<u>\$ 312,899</u>	<u>\$ 22,031,880</u>	<u>\$ 9,070,816</u>	<u>\$ 70,913,436</u>	<u>\$67,944,364</u>

TOWN OF BLACKSBURG, VIRGINIA

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 2002

<u>Liabilities</u>	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Liabilities:			
Accounts payable/Accrued expenditures and expenses	\$ 485,533	\$ ---	\$ 186,882
Customer deposits	435,702	---	---
Due to other funds (Note 3)	462,983	---	---
Deferred revenue	105,496	---	84,725
Employee leave liability	94,692	---	---
Long-term obligation (Note 8)	---	---	---
Liability to agency	---	---	---
Total liabilities	<u>\$ 1,584,406</u>	<u>\$ ---</u>	<u>\$ 271,607</u>
Equity and other credits (Note 9)			
Investment in general fixed assets	---	---	---
Contributed capital	---	---	---
Retained earnings/(deficit)	---	---	---
Fund balances:			
Reserved	219,378	---	---
Unreserved:			
Designated	430,000	---	7,339,684
Undesignated	<u>1,350,091</u>	<u>---</u>	<u>---</u>
Total retained earnings/(deficit)/fund balances	<u>1,999,469</u>	<u>---</u>	<u>7,339,684</u>
Total equity and other credits	<u>1,999,469</u>	<u>---</u>	<u>7,339,684</u>
Total liabilities and equity and other credits	<u>\$ 3,583,875</u>	<u>\$ ---</u>	<u>\$ 7,611,291</u>

See accompanying notes to financial statements.

Exhibit 1

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long- Term Debt</u>	<u>2002</u>	<u>2001</u>
\$ 5,728,766	\$ ---	\$ 295,337	\$ ---	\$ ---	\$ 8,956,257	\$ 7,700,428
10,000	---	---	---	---	10,000	10,000
---	---	---	---	---	2,468,211	4,594,125
---	---	---	---	---	3,663,000	2,862,000
---	---	---	---	---	54,370	52,556
861,242	---	---	---	---	861,242	862,805
56,079	---	16,212	---	---	741,330	943,297
19,655	---	1,350	---	---	52,384	61,770
---	---	---	---	---	984,271	1,469,054
3,444,408	---	---	---	---	4,030,771	1,715,833
8,350	81,255	---	---	---	215,865	215,996
---	---	---	---	---	13,119	33,223
17,999,178	93,742	---	22,031,880	---	40,124,800	37,767,093
---	---	---	---	9,070,816	9,070,816	9,656,184
<u>\$28,127,678</u>	<u>\$ 174,997</u>	<u>\$ 312,899</u>	<u>\$22,031,880</u>	<u>\$ 9,070,816</u>	<u>\$70,913,436</u>	<u>\$67,944,364</u>

(continued)

TOWN OF BLACKSBURG, VIRGINIA

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types

For the fiscal year ended June 30, 2002

Revenues:

Local taxes, licenses and permits
Intergovernmental revenues
Charges for current services
Fines and forfeitures
Interest
Other

Total Revenues

Expenditures:

Current:
Legislative
Executive
Legal
Judicial
Financial Services
Technology
Police
Fire and rescue
Public works
Recreation
Planning and engineering
Grants
Capital outlay
Debt service:
Principal retirement
Interest and fiscal charges

Total Expenditures

Excess of Revenues Over (Under) Expenditures

Other Financing Sources (Uses):

Operating transfers from other funds
Operating transfers to other funds
Bond proceeds
Bond proceeds for refunding bonds
Payment to refunded bond escrow agent
Capital lease proceeds

Net Other Financing Sources (Uses)

Excess of Revenues and Other Sources Over (Under) Expenditures and
Other Uses

Fund balances at beginning of year

Fund balances at end of year

Exhibit II

<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
\$ 9,489,234	\$ ---	\$ ---	\$ 9,489,234	\$ 9,319,812
3,365,800	---	90,504	3,456,304	3,022,890
1,505,418	---	---	1,505,418	1,166,655
215,267	---	---	215,267	210,708
148,533	---	76,070	224,603	467,945
<u>489,770</u>	<u>---</u>	<u>99,114</u>	<u>588,884</u>	<u>650,119</u>
<u>15,214,022</u>	<u>---</u>	<u>265,688</u>	<u>15,479,710</u>	<u>14,838,129</u>
247,212	---	---	247,212	218,723
867,247	---	---	867,247	662,525
162,473	---	---	162,473	166,642
17,942	---	---	17,942	7,817
989,795	---	---	989,795	900,475
327,239	---	---	327,239	272,511
4,124,354	---	---	4,124,354	3,820,171
624,006	---	---	624,006	440,683
3,107,588	---	---	3,107,588	3,176,698
1,291,778	---	---	1,291,778	1,205,198
1,303,164	---	---	1,303,164	1,178,196
88,647	---	---	88,647	17,617
650,000	---	2,191,106	2,841,106	4,371,051
---	720,979	239,158	960,137	741,436
<u>---</u>	<u>456,563</u>	<u>16,519</u>	<u>473,082</u>	<u>369,456</u>
<u>13,801,445</u>	<u>1,177,542</u>	<u>2,446,783</u>	<u>17,425,770</u>	<u>17,549,199</u>
<u>1,412,577</u>	<u>(1,177,542)</u>	<u>(2,181,095)</u>	<u>(1,946,060)</u>	<u>(2,711,070)</u>
427,429	1,177,542	3,456,164	5,061,135	5,683,088
(2,777,508)	---	(829,744)	(3,607,252)	(5,409,909)
300,000	---	---	300,000	2,047,486
---	---	---	---	793,110
---	---	---	---	(783,007)
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>365,000</u>
<u>(2,050,079)</u>	<u>1,177,542</u>	<u>2,626,420</u>	<u>1,753,883</u>	<u>2,695,768</u>
(637,502)	---	445,325	(192,177)	(15,302)
<u>2,636,971</u>	<u>---</u>	<u>6,894,359</u>	<u>9,531,330</u>	<u>9,546,632</u>
<u>\$ 1,999,469</u>	<u>\$ ---</u>	<u>\$ 7,339,684</u>	<u>\$ 9,339,153</u>	<u>\$ 9,531,330</u>

TOWN OF BLACKSBURG, VIRGINIA
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances Non-GAAP Budgetary Basis and
Actual - General Fund

For the fiscal year ended June 30, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Local taxes, licenses and permits	\$9,613,500	\$9,489,234	\$ (124,266)
Intergovernmental revenues	3,245,300	3,365,800	120,500
Charges for current service	1,446,800	1,505,418	58,618
Fines and forfeitures	195,000	215,267	20,267
Interest	285,000	148,533	(136,467)
Other	<u>507,500</u>	<u>489,770</u>	<u>(17,730)</u>
Total Revenues	<u>15,293,100</u>	<u>15,214,022</u>	<u>(79,078)</u>
Expenditures:			
Current:			
Legislative	253,442	247,212	6,230
Executive	930,051	870,097	59,954
Legal	177,195	162,583	14,612
Judicial	21,280	17,942	3,338
Technology	327,239	327,239	---
Financial Services	1,121,947	993,695	128,252
Police	4,216,928	4,146,656	70,272
Fire and Rescue	648,867	628,229	20,638
Public Works	3,217,973	3,136,947	81,026
Recreation	1,448,356	1,293,617	154,739
Planning and Engineering	1,320,405	1,318,580	1,825
Grants	7,000	88,647	(81,647)
Capital Outlay	<u>650,000</u>	<u>650,000</u>	<u>---</u>
Total Expenditures (Note 1(j) and 16)	<u>14,340,683</u>	<u>13,881,444</u>	<u>459,239</u>
Excess of Revenues Over Expenditures	<u>952,417</u>	<u>1,332,578</u>	<u>380,161</u>
Other Financing Sources (Uses):			
Operating transfers from other funds	300,000	427,429	127,429
Operating transfer to other funds	(2,833,380)	(2,777,508)	55,872
Bond proceeds	<u>300,000</u>	<u>300,000</u>	<u>---</u>
Net Other Financing Sources (Uses)	<u>(2,233,380)</u>	<u>(2,050,079)</u>	<u>183,301</u>
Net Increase (Decrease) in Fund Balance	(1,280,963)	(717,501)	563,462
Fund balances at beginning of year	<u>2,636,971</u>	<u>2,636,971</u>	<u>---</u>
Fund balances at end of year	<u>\$ 1,356,008</u>	<u>\$ 1,919,470</u>	<u>\$ 563,462</u>

See accompanying notes to financial statements.

Exhibit IV

TOWN OF BLACKSBURG, VIRGINIA

Combined Statement of Revenues, Expenses and
 Changes in Retained Earnings - All Proprietary Fund Types
 For the fiscal year ended June 30, 2002

<u>Only)</u>	<u>Proprietary Fund Types</u>		<u>Totals</u>	
	<u>Enterprise</u>	<u>Internal</u>	<u>(Memorandum</u>	
		<u>Service</u>	<u>2002</u>	
<u>2001</u>				
Operating revenues:				
Charges for current services	\$ 8,624,398	\$ 546,986	\$ 9,171,384	\$ 8,619,631
Availability, installation, and connection fees	257,032	---	257,032	312,002
Other	<u>88,383</u>	<u>---</u>	<u>88,383</u>	<u>45,650</u>
Total Operating Revenue	<u>8,969,813</u>	<u>546,986</u>	<u>9,516,799</u>	<u>8,977,283</u>
Operating Expenses				
Personal services	2,636,338	239,321	2,875,659	2,782,165
Contractual services	4,054,780	68,845	4,123,625	4,308,067
Administration and other	2,169,340	240,592	2,409,932	2,257,209
Depreciation	<u>1,456,664</u>	<u>36,188</u>	<u>1,492,852</u>	<u>1,340,684</u>
Total Operating Expense	<u>10,317,122</u>	<u>584,946</u>	<u>10,902,068</u>	<u>10,688,125</u>
Operating Loss	<u>(1,347,309)</u>	<u>(37,960)</u>	<u>(1,385,269)</u>	<u>(1,710,842)</u>
Nonoperating Revenues (Expenses):				
Interest on investments	187,807	---	187,807	264,205
Other income	33,148	---	33,148	44,908
Operating assistance grants	1,590,930	---	1,590,930	1,862,314
Gain on disposal of assets	116,704	---	116,704	22,000
Interest on long-term obligations	<u>(291,580)</u>	<u>---</u>	<u>(291,580)</u>	<u>(245,791)</u>
Nonoperating Revenues, Net	<u>1,637,009</u>	<u>---</u>	<u>1,637,009</u>	<u>1,947,636</u>
Net Income (Loss) Before Operating Transfers	<u>289,700</u>	<u>(37,960)</u>	<u>251,740</u>	<u>236,794</u>
Transfers and Contributions:				
Capital Contributions	4,536,204	---	4,536,204	---
Operating transfer from other funds	378,140	---	378,140	441,310
Operating transfer to other funds	<u>(1,832,023)</u>	<u>---</u>	<u>(1,832,023)</u>	<u>(714,489)</u>
Net Operating Transfers	<u>3,082,321</u>	<u>---</u>	<u>3,082,321</u>	<u>(273,179)</u>
Net Income/(Loss)	<u>3,372,021</u>	<u>(37,960)</u>	<u>3,334,061</u>	<u>(36,385)</u>
Depreciation charged to contributed capital (Note 10)	676,542	2,954	679,496	677,927
Retained earnings at beginning of year	<u>7,674,137</u>	<u>(186,747)</u>	<u>7,487,390</u>	<u>6,845,848</u>
Retained earnings at end of year	<u>\$ 11,722,700</u>	<u>\$ (221,753)</u>	<u>\$11,500,947</u>	<u>\$7,487,390</u>

See accompanying notes to financial statements.

Exhibit V

TOWN OF BLACKSBURG, VIRGINIA
Combined Statement of Cash Flows -
All Proprietary Fund Types
For the fiscal year ended June 30, 2002

	<u>Proprietary Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>2002</u>	<u>2001</u>
Operating Activities				
Cash received from customers	\$9,004,933	\$546,986	\$9,551,919	\$9,013,258
Cash paid to suppliers	(6,328,220)	(339,517)	(6,667,737)	(6,459,148)
Cash paid to employees	(2,591,852)	(238,840)	(2,830,692)	(2,760,934)
Other operating revenue	<u>121,531</u>	<u>---</u>	<u>121,531</u>	<u>90,558</u>
Net cash provided/(used) by operating activities	<u>206,392</u>	<u>(31,371)</u>	<u>175,021</u>	<u>(116,266)</u>
Noncapital financing activities:				
Operating transfers from other funds	(1,832,023)	---	(1,832,023)	441,310
Operating transfers to other funds	378,140	---	378,140	(714,489)
Operating assistance grant	<u>2,251,027</u>	<u>---</u>	<u>2,251,027</u>	<u>1,616,699</u>
Net cash provided by noncapital financing activities	<u>797,144</u>	<u>---</u>	<u>797,144</u>	<u>1,343,520</u>
Capital and Related Financing Activities:				
Principal repayment	(507,405)	---	(507,405)	(1,033,406)
Interest paid	(324,537)	---	(324,537)	(179,570)
Acquisition and construction of capital assets	(2,576,256)	---	(2,576,256)	(551,969)
Proceeds from sale of equipment	118,950	---	118,950	22,000
Proceeds from bond issue	---	---	---	3,030,474
Contributed capital	1,383,327	---	1,383,327	39,784
Net change in due to general fund	<u>(279,483)</u>	<u>31,371</u>	<u>(248,112)</u>	<u>317,695</u>
Net cash provided/(used) by capital and related financing activities	<u>(2,185,404)</u>	<u>31,371</u>	<u>(2,154,033)</u>	<u>1,645,008</u>
Investing Activities:				
Interest Income	<u>190,597</u>	<u>---</u>	<u>190,597</u>	<u>262,632</u>
Net cash provided by investing activities	<u>190,597</u>	<u>---</u>	<u>190,597</u>	<u>262,632</u>
Net ncrease (decrease) in cash	(991,271)	---	(991,271)	3,134,894
Cash at beginning of year	<u>6,730,037</u>	<u>---</u>	<u>6,730,037</u>	<u>3,595,143</u>
Cash at end of year	<u>\$5,738,766</u>	<u>\$---</u>	<u>\$5,738,766</u>	<u>\$ 6,730,037</u>

(continued)

Exhibit V

TOWN OF BLACKSBURG, VIRGINIA
 Combined Reconciliation of Net Income
 to Net Cash Provided/(Used) by Operating Activities

For the fiscal year ended June 30, 2002

	<u>Proprietary Fund Types</u>		<u>Totals</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
Operating loss	\$ (1,347,309)	\$(37,960)	\$(1,385,269)	\$ (1,710,842)
Adjustments to reconcile operating loss to net cash provided/(used) by operations:				
Depreciation	1,456,664	36,188	1,492,852	1,340,684
(Increase)/decrease in utilities receivable	1,563	---	1,563	53,864
(Increase)/decrease in accounts receivable	(8,917)	---	(8,917)	(1,622)
(Increase)/decrease in inventories and prepaids	1,210	(14,066)	(12,856)	(8,902)
Increase/(decrease) in accounts payable and other liabilities	(50,287)	(15,533)	(65,820)	156,359
Increase/(decrease) in deferred revenue	120,320	---	120,320	9,285
Other Income	<u>33,148</u>	<u>---</u>	<u>33,148</u>	<u>44,908</u>
Net cash provided/(used) by operating activities	<u>\$ 206,392</u>	<u>\$ (31,371)</u>	<u>\$ 175,021</u>	<u>\$ (116,266)</u>
Schedule of Noncash Activities:				
Capital and Related Financing Activities				
Acquisition of capital asset financed by accounts payable	<u>\$ 3,220,672</u>	<u>---</u>	<u>\$ 3,220,672</u>	<u>---</u>
Capital contribution receivable	<u>\$ 3,152,876</u>	<u>---</u>	<u>\$ 3,152,876</u>	<u>---</u>

See accompanying notes to financial statements.

Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

(1) Summary of Significant Accounting Policies

The accounting policies of the Town of Blacksburg, Virginia, conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

(a) Reporting Entity

The Town provides a full range of services including fire and police protection, planning, engineering, inspections, public works and public utilities, parks, and general government. The Town also provides water, sewer, refuse collection, recycling, and public transit services to its citizens.

As required by generally accepted accounting principles, these financial statements present the Town as the primary government and there are no component units. The Blacksburg-Christiansburg-VPI Water Authority, the Blacksburg-VPI Sanitation Authority, the Montgomery Regional Solid Waste Authority, and the Virginia Tech/Montgomery Regional Airport Authority have been classified as jointly governed organizations of the Town and as such are not included in these financial statements (see note 13).

(b) Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered to be a separate accounting and reporting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The various funds and account groups are grouped in the financial statements as follows:

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position, rather than upon net income determination. The Town's governmental fund types are:

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

General Fund

The General Fund is the major operating fund of the Town. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. The general operating expenditures and fixed charges are paid from this fund. The capital improvement costs of the Town not paid through the Capital Projects Fund are also paid by the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for and the payment of interest, principal, and related costs on general long-term debt.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by the General Fund or proprietary funds.

Proprietary Fund Types

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The measurement focus is determination of net income, financial position and cash flow. The Town's proprietary fund types are:

Enterprise Funds

Enterprise funds finance and account for the acquisition, operation, and maintenance of governmental facilities and services, which are supported by user charges. The enterprise funds consist of the Water and Sewer Fund, the Waste Management Fund, the Golf Course Fund, and the Transit System Fund.

Internal Service Fund

The Internal Service Fund consists of the Equipment Operations Fund which accounts for the garage function.

(Continued)

Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

With respect to proprietary fund activities, the Town has adopted Statement 20 of the Governmental Accounting Standards Board (GASB), "Accounting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting." The Town has elected to apply all applicable GASB pronouncements as well as FASB pronouncements and APB Opinions issued on or before November 30, 1989 unless those conflict with or contradict GASB pronouncements.

Fiduciary Fund Types

Fiduciary funds (agency funds) account for assets held by the Town as agent for individuals and other governmental units. The Town acts as fiscal agent for the New River Valley Alcohol Safety Action Program (VASAP) and the Virginia Tech/Montgomery Regional Airport Authority. Activity associated with these programs is presented in each Agency Fund.

Account Groups

Account Groups account for general obligation long-term debt and general fixed assets. Long-term debt and fixed assets related to Proprietary Funds are accounted for in those funds.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the schedules since their inclusion would make the statements unduly cumbersome.

Total Column on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations and cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

(c) Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental and fiduciary funds (agency) use the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Gross receipts taxes, charges for services, and amounts receivable from other governments, including revenue sharing entitlements and grants-in-aid, have been determined to be measurable and available and, therefore, are accrued at year-end. Expenditures are generally recognized when the related fund liability is incurred. An exception to this general rule is that interest on general long-term debt is recognized when due.

All proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

(d) Encumbrances

Encumbrance accounting is used to record purchase orders, contracts and other commitments in order to reserve a portion of the appropriations in the General Fund. Encumbrances are not the equivalent of expenditures; therefore, the reserve for encumbrances is reported as a part of the fund balance. Encumbrances outstanding at the end of the year are reappropriated as part of the subsequent year's budget.

(e) Cash and Investments

Temporary investments consist primarily of certificates of deposit with original maturities of three months or less. Also included are balances held in the Virginia Local Government Investment Pool (LGIP) and the Virginia State Non-Arbitrage Program (SNAP). Temporary investments are stated at cost, which approximates market. Cash for the Statement of Cash Flows consists of cash and the temporary investments.

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

(f) Allowances for Uncollectible Accounts

The Town calculates its allowances for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowances amounted to \$9,434 for the General Fund, \$13,224 for the Water and Sewer Fund, \$3,303 for the Waste Management Fund and \$529 for the Transit Fund at June 30, 2002.

(g) Deferred Revenue

Deferred revenue for the General Fund represents the following: uncollected property tax billings, totaling \$50,305 June 30, 2002, that are not available for funding of current expenditures; property taxes due subsequent to June 30, 2002 but paid in advance by the taxpayer, totaling \$7,917; the second year of motor vehicle license revenue for a two-year decal totaling \$41,115; rent for a Town owned building paid in advanced totaling \$6,159. Taxes due at June 30 and collected within 45 days after June 30 are recognized as revenue in the accompanying financial statements.

Deferred revenue for the Capital Projects Funds represents payments by another governmental organization for future capital expenditures related to fire services provided by the Town totaling \$84,725.

Deferred revenue for the Enterprise Funds represents availability fees to be used for future water system capital expansion totaling \$185,407.

(h) Inventories

Inventories are stated at the lower of cost (principally first-in, first-out) or market for Enterprise and Internal Service Funds and at cost for the General Fund. Inventory in the General Fund consists of materials and supplies held for consumption. The cost is recorded as an expenditure or expense at the time individual inventory items are used.

(i) Fixed Assets

Fixed assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. During the current fiscal

year, the Town adopted the policy of recording fixed assets with an initial investment cost of more than \$5,000. Management chose to remove all fully

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

depreciated assets below that threshold that were purchased prior to July 1, 2001 from the fixed asset listing.

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at historical cost or estimated historical cost (if actual cost information is not available) in the General Fixed Assets account group. Gifts and contributions of fixed assets are recorded at fair market value at the time received. Certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have not been capitalized. Such assets normally are immovable and of value only to the Town. Depreciation is not calculated on general fixed assets.

Proprietary fund fixed assets are stated at cost or fair market value, if contributed. Depreciation has been recorded using the straight-line method over the following estimated useful lives:

Water and sewer systems	30 years
Golf course equipment	5 years
Buildings	20-40 years
Equipment	4-10 years

Depreciation on assets acquired with contributed capital prior to July 1, 2001 was accounted for as an operating expense and a reduction of contributed capital. Depreciation on assets acquired with contributed capital subsequent to July 1, 2001 is accounted for as an operating expense and as a reduction of retained earnings.

(j) Budgets and Budgetary Accounting

The budget for the General Fund is adopted and maintained on the modified accrual basis adjusted for encumbrances. The original budget and budget revisions during the fiscal year are authorized at the departmental level by Town Council. The Town Manager has the authority to transfer amounts within departments, as long as the total appropriation for the department is not adjusted. The Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Non-GAAP Budgetary Basis) and Actual - General Fund reflects these

revisions, if any. All appropriations lapse at year-end to the extent they have not been expended or lawfully encumbered. An appropriation equal to year-end

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

encumbrances is authorized in the succeeding year. The following is a reconciliation of expenditures and transfers on the budgetary basis to the generally accepted accounting principles (GAAP) basis:

Total General Fund expenditures and transfers out, (budgetary basis)	\$16,658,952
Less encumbrances at June 30, 2002	<u>79,999</u>
Total General Fund expenditures and transfers out, (GAAP basis)	
<u>\$16,578,953</u>	

(k) Accumulated Unpaid Vacation and Compensation Pay

The Town has policies which allow for the accumulation and vesting of limited amounts of vacation and compensation time until termination or retirement. Amounts of such employee leave expected to be paid within the next fiscal year from Governmental Fund Types are reflected as a fund expenditure and liability. Long-term portions of employee leave liability attributable to Governmental Fund Types are recorded in the General Long-term Debt Account Group. Employee leave liabilities attributable to Propriety Fund Types are recorded in the respective funds.

(l) Real Estate Taxes

Property is assessed at its current market value on January 1 by Montgomery County, Virginia. Real estate taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on June 5th and December 5th. Town Council approves the tax rate for both installments in April of each year. The Town bills and collects the real estate taxes. A penalty of 10 percent of the tax or \$10, whichever is greater, but not to exceed the tax, is assessed after June 5 and December 5. Taxes were levied at a rate of \$.20 per \$100 of assessed valuation for the 2002 and 2001 calendar year. The Town places liens on property as necessary to supplement collection efforts. The State of Virginia has no limitation on tax rates.

(2) Deposit and Temporary Investments

Deposits: At year-end the carrying value of the Town's deposits with banks and savings institutions was \$5,892,778 and the bank balance was \$6,967,494. Of the bank balance, \$6,064,253 was covered by Federal depository insurance or

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. Of the bank balance \$903,241 was uninsured and in banks or savings and loans not qualifying under the Act at June 30, 2002. These consist of \$783,943 in Evergreen Fund and \$119,298 in Wachovia Securities brokerage cash account.

Investments: Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP) and the State Non-Arbitrage Program (SNAP). Pursuant to Sec. 2.1-234.7 Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regulatory scheduled monthly meetings and the fair value of the position in the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The investment policy specifies that no investment may have a maturity greater than one year from the date of purchase.

Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the government or its safekeeping agent in the government's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or safekeeping agent in the government's name. Category 3 includes uninsured and unregistered

investments for which the securities are held by the counterparty, its trust department or safekeeping agent but not in the government's name.

There was not investment activity during the year other than in securities of the types held at year-end. Investment in LGIP and SNAP are not subject to categorization.

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

At year end, the Town's investment balances were as follows:

	<u>Reported Amount</u>
LGIP	
\$6,402,222	
SNAP	2,468,211
Total Deposits	5,892,778
Cash on Hand	<u>1,257</u>
Total Deposits and Investments	<u>\$14,764,468</u>

Proceeds of the Town's general obligation bonds, which are held in SNAP, are classified as restricted cash and cash equivalents.

The investment in SNAP is deemed involuntary under standards issued by GASB.

(3) Interfund Receivable and Payable Balances

Interfund receivable and payable balances were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Equipment Depreciation Fund	\$ 462,983	\$ ----
General Fund	521,288	462,983
Waste Management Fund	---	65,780
Golf Course Fund	---	106,095

VASAP Agency Fund	---	19,653
Airport Agency Fund	---	9,934
Internal Service Fund	---	<u>319,826</u>
	<u>\$984,271</u>	<u>\$984,271</u>

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

(4) Amounts Due From Other Governments

Amounts due from other governments at June 30, 2002 are summarized as follows:

	<u>General Fund</u>	<u>Enterprise Funds</u>
Federal:		
Transit Capital Assistance Grant	\$ ---	\$2,716,271
Transit Operational Assistance Grant	---	279,694
COPS Grant	27,344	---
Commonwealth of Virginia:		
Highway Maintenance	486,970	---
Transit Capital Assistance Grants	---	444,164
Transit RTAP Grants	---	4,279
Other Localities:		
Sales Tax	<u>72,049</u>	<u>---</u>
	<u>\$586,363</u>	<u>\$3,444,408</u>

(5) Fixed Assets

The following is a summary of the components and changes in fixed assets:

	<u>Balance July 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30</u>
<u>General Fixed Assets:</u>				
Land	\$3,499,529	\$650,000	\$ ----	\$4,149,529
Building	8,149,292	23,480	----	8,172,772

Improvements other than building	501,926	34,252	22,490	513,688
Equipment	<u>11,810,147</u>	<u>1,102,386</u>	<u>3,716,642</u>	<u>9,195,891</u>
	<u>\$23,960,894</u>	<u>\$1,810,118</u>	<u>\$3,739,132</u>	<u>\$22,031,880</u>
<u>Enterprise Funds:</u>				
<u>Water and Sewer Fund:</u>				
Land	\$ 56,314	\$ ----	\$ ----	\$ 56,314
Water system-plant	6,323,461	5,070	----	6,328,531
Sewer system-plant	4,909,807	----	----	4,909,807
Equipment	3,033,086	241,989	293,298	2,981,777
Construction in progress	<u>566,476</u>	<u>140,670</u>	<u>----</u>	<u>707,146</u>
	14,889,144	387,729	293,298	14,983,575
Accumulated depreciation	<u>7,488,030</u>	<u>556,367</u>	<u>293,298</u>	<u>7,751,099</u>
	<u>\$ 7,401,114</u>	<u>\$ (168,638)</u>	<u>\$ ----</u>	<u>\$ 7,232,476</u>

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

	Balance <u>July 1</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30</u>
<u>Waste Management Fund:</u>				
Equipment	\$16,023	\$ ----	\$ 7,678	\$ 8,345
Accumulated depreciation	<u>15,047</u>	<u>976</u>	<u>7,678</u>	<u>8,345</u>
	<u>\$ 976</u>	<u>\$ (976)</u>	<u>\$ ----</u>	<u>\$ ----</u>
<u>Golf Course Fund:</u>				
Land	\$376,947	\$ ----	\$ ----	\$376,947
Buildings	320,374	276,491	16,910	579,955
Equipment	252,620	11,999	94,366	170,253
Construction in progress	<u>----</u>	<u>26,054</u>	<u>----</u>	<u>26,054</u>
	949,941	314,544	111,276	1,153,209
Accumulated depreciation	<u>266,092</u>	<u>48,184</u>	<u>111,276</u>	<u>203,000</u>
	<u>\$ 683,849</u>	<u>\$266,360</u>	<u>\$ ----</u>	<u>\$ 950,209</u>
<u>Transit Fund:</u>				
Land	\$ 157,000	\$ ----	\$ ----	\$ 157,000
Buildings	3,345,214	----	----	3,345,214
Equipment	<u>8,130,987</u>	<u>5,094,655</u>	<u>1,039,510</u>	<u>12,186,132</u>
	11,633,201	5,094,655	1,039,510	15,688,346
Accumulated depreciation	<u>6,042,871</u>	<u>851,137</u>	<u>1,022,155</u>	<u>5,871,853</u>
	<u>\$ 5,590,330</u>	<u>\$ 4,243,518</u>	<u>\$ 17,355</u>	<u>\$ 9,816,493</u>

Internal Service Fund:

Buildings	\$ 126,889	\$ ----	\$ ----	\$ 126,889
Equipment	<u>388,056</u>	<u>----</u>	<u>65,710</u>	<u>322,346</u>
	514,945	----	65,710	449,235
Accumulated depreciation	<u>385,015</u>	<u>36,188</u>	<u>65,710</u>	<u>355,493</u>
	<u>\$ 129,930</u>	<u>\$ (36,188)</u>	<u>\$ ----</u>	<u>\$ 93,742</u>

The Virginia Department of Transportation has provided grants for certain fixed assets in the Transit Fund, which has a total net value of \$9,806,252 as of June 30, 2002. The Town cannot dispose of these assets without prior approval from the Virginia Department of Transportation.

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

(6) Construction in Progress

Construction in progress consists of:

	<u>Enterprise Funds</u>
Water and Sewer Projects	\$707,146
Golf Course Cart Building	<u>26,054</u>
	<u>\$733,200</u>

(7) Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The assets of the Plan are held in trust by a third party for the exclusive benefit of the Plan participants and their beneficiaries and the assets shall not be diverted to any other purpose. The Trustee's beneficial ownership of Plan assets held in the ICMA Retirement Trust shall be held for the further exclusive benefit of the Plan participants

and their beneficiaries and therefore the assets and liabilities are not reflected in these statements.

(8) Long-Term Liabilities

Outstanding long-term debt at June 30, 2002 includes the following bond issues:

\$1,860,000, 1992 public improvement bonds due in annual installments ranging from \$85,000 to \$100,000 with final principal payment due September 1, 2012. Interest payable semiannually on September 1 and May 1 at rates of 3.5 percent to 5.6 percent. \$510,000 was advanced refunded with the 2001 public improvement bonds.	\$ 450,000
---	------------

\$550,000, 1992 General Obligation Note due in annual installments of \$55,000 through July 15, 2003. Interest paid annually on July 15 at 8 percent.	55,000
---	--------

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

\$2,250,000, 1994 public improvement bonds due in annual installments ranging from \$65,000 to \$185,000 with final principal payment due September 1, 2014. Interest payable semiannually on March 1 and September 1 at rates of 5.0 percent to 6.0 percent. \$825,000 was advanced refunded with the 2001 public improvement bonds.	895,000
---	---------

\$2,800,000, 1996 public improvement bonds due in annual installments ranging from \$80,000 to \$220,000 with final principal payment due September 1, 2016. Interest payable semiannually on March 1 and September 1 at rates of 5.0 percent to 7.0 percent.	2,350,000
---	-----------

\$4,495,000 1998 public improvement bonds due in annual installments ranging from \$120,000 to \$400,000 with final principal payment due September 1, 2018. Interest payable semiannually on March 1 and September 1 at rates of 3.7 percent to 4.625 percent.	3,395,000
---	-----------

\$5,910,000 2001 public improvement bonds due in annual installments ranging from \$155,000 to \$480,000 with final principal payment due March 1, 2021. Interest payable	
---	--

semiannually on March 1 and September 1 at rates of 4.0 percent to 4.95 percent.

5,755,000

\$300,000 2001 general obligation bonds due in annual installments ranging from \$24,787 to \$35,823 with final principal due January 15, 2012. Interest payable semiannually on January 15 and July 15 at a rate of 4.12 percent

300,000

Total Bonded Debt

\$13,200,000

The allocation of bonded long-term debt to funds or to the general long-term debt account group ("GLTDAG") is determined based on the Town's intention for repayment of the debt. The allocation of debt by fund and account group is as follows:

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

	Water and Sewer Fund	Golf Fund	GLTDAG	Total
<u>Bonds</u>				
1992 Public improvement bonds	\$121,500	\$ ----	\$328,500	\$450,000
1992 General obligation note	----	----	55,000	55,000
1994 Public improvement bonds	430,000	65,000	400,000	895,000
1996 Public improvement bonds	587,500	----	1,762,500	2,350,000
1998 Public improvement bonds	604,228	----	2,790,772	3,395,000
2001 Public improvement bonds	2,564,535	432,625	2,757,840	5,755,000
2001 General obligation bond	----	----	300,000	300,000
Total Bonds Payable	\$4,307,763	\$497,625	<u>\$8,394,612</u>	<u>\$13,200,000</u>
Less: bond discount	6,651	257		
Less: amortized deferred cost	42,628	2,856		
	<u>\$4,258,484</u>	<u>\$494,512</u>		

The annual requirements to amortize all debt outstanding as of June 30, 2002, including interest payments of \$5,445,017 on general obligation bonds, are as follows:

<u>Years Ending June 30</u>	<u>General Obligation Bonds</u>
---------------------------------	---

2003	\$ 1,493,377
	20041,378,608
	20051,363,104
2006	1,340,824
2007	1,121,669
2008	1,117,954
2009	1,115,607
2010	1,096,749
2011	1,105,738
2012	1,105,638
2013	1,062,388
2014	974,525
2015	978,094
2016	789,456
2017	787,270
2018	559,414
2019	556,252
2020	352,015
2021	346,335
	<u>\$18,645,017</u>

(Continued)

Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

During fiscal year 2001, part of the 1992 public improvement bonds totaling \$510,000 and part of the 1994 public improvement bonds totaling \$825,000 was advance refunded and replaced with part of the 2001 public improvement bond totaling \$1,450,000 with an average interest rate of 4.60646%. The proceeds were used to purchase U. S. Government State and Local Government Securities totaling \$1,431,457 that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,335,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Town's long-term debt. The reacquisition price exceeded the net carrying amount of the old debt by \$100,023. The enterprise portions of this amount \$48,188 for the Water and Sewer Fund and \$3,228 for the Golf Fund are being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 15 years of \$50,492 and resulted in an economic gain of \$71,011.

The changes in long-term liabilities are as follows:

	<u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30</u>
General obligation debt:				

Bonds	\$ 8,815,591	\$ 300,000	\$ 720,979	\$ 8,394,612
Capital lease obligation	239,158	----	239,158	----
Employee leave liability	<u>601,435</u>	<u>74,769</u>	<u>----</u>	<u>676,204</u>
	<u>\$9,656,184</u>	<u>\$ 374,769</u>	<u>\$ 960,137</u>	<u>\$ 9,070,816</u>
Enterprise fund debt:				
Bonds	\$ 5,092,544	\$ ----	\$ 339,548	\$ 4,752,996
Capital lease obligation	1,049,997	----	167,857	882,140
Employee leave liability	<u>150,920</u>	<u>46,068</u>	<u>----</u>	<u>196,988</u>
	<u>\$ 6,293,461</u>	<u>\$ 46,068</u>	<u>\$ 507,405</u>	<u>\$ 5,832,124</u>

Obligation Under Capital Lease

During the fiscal year 1997, the Town purchased a new automated meter reading system by entering into a capital lease agreement with First Union National Bank. The lease amount was \$1,700,000 payable in 20 semiannual installments of \$112,321 including interest at 5.63 percent due on October 18 and April 18 beginning April 18, 1997. The Town plans to pay the lease payments from the Enterprise Funds (Water and Sewer). \$ 882,140

Total capital lease obligation \$ 882,140

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

The following schedule presents by years the future minimum lease payments required and the present value of the net minimum lease payments as of June 30, 2002.

Years Ending <u>June 30</u>	
2003	224,642
2004	224,642
2005	224,642
2006	224,642
2007	<u>112,322</u>
Total minimum lease payments	\$ 1,010,890
Less: amount representing interest	<u>128,750</u>
Present value of net Minimum lease payments	<u>\$ 882,140</u>

(9) Fund Equity/Retained Earnings

Fund Equity has been reserved and designated as follows:

General Fund	
Reserved:	
Encumbrances	\$ 79,999
Prepaid Items	13,119
Inventory	<u>126,260</u>
	<u>\$219,378</u>
Designated:	
Funding of subsequent year's budget	<u>\$430,000</u>
Capital Projects Fund	
Designated:	
Capital outlay	<u>\$7,339,684</u>

(Continued)

Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

Contributed Capital - Includes capital contributions to proprietary funds from the Town, other governments and developers prior to July 1, 2001, net of accumulated depreciation on assets purchased with contributions from other governments. Subsequent to July 1, 2001, capital grants are now recorded as revenues in Transfers and Contributions with depreciation on assets acquired after July 1, 2001 recorded as operating expense and a reduction of retained earnings. The following summarizes the activity within contributed capital:

	<u>Enterprise</u>	<u>Internal Services</u>	<u>Total</u>
Contributed capital, beginning of year	\$6,491,213	\$ 42,191	\$ 6,533,404
Disposal	15,108	----	15,108
Depreciation charged to contributed capital	<u>676,542</u>	<u>2,954</u>	<u>679,496</u>
Contributed capital, end of year	<u>\$5,799,563</u>	<u>\$ 39,237</u>	<u>\$ 5,838,800</u>

The Waste Management Fund has an accumulated deficit of \$64,678 at year end. It is anticipated that the deficit will be recovered through future user charges.

The Golf Course Fund has an accumulated deficit of \$55,510 at year end. It is anticipated that the deficit will be recovered through future user charges.

The Internal Service Fund has an accumulated deficit of \$182,516 at year end. It is anticipated that the deficit will be recovered through future user charges.

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

(10) Defined Benefit Pension Plan

(a) Plan Description

The Town contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (VRS). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, fire fighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with 25 years of service for participating local law enforcement officers, fire fighters, and sheriffs). Employees who retire with a reduced benefit at age 55 (age 50 for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average

final salary (AFS) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing the System at P.O. Box 2500, Richmond, VA 23218-2500.

(b) Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended June 30, 2002 was 7.50% of annual covered payroll.

(Continued)

Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

(c) Annual Pension Cost

For 2002, the Town's annual pension cost of \$620,181 was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method. The actuarial valuation is performed on an annual basis; June 30, 2001 is the most recent actuarial valuation available. The valuation and actuarial assumptions are as follows:

Valuation date:	June 30, 2001
Actuarial cost method:	Entry Age Normal
Amortization method:	Level percent, closed
Payroll grown rate	3%
Remaining amortization period	11 years
Asset valuation method	Modified market
Actuarial assumptions:	

Investment rate of return ¹	8.00%
Projected salary increases	4.25% to 6.10%
Cost of living adjustment	3.0%

¹Includes inflation at 3%

Trend Information for the Town

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension Cost</u> <u>APC</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2000	\$ 664,363	100.00%	---
June 30, 2001	465,635	100.00%	---
June 30, 2002	620,181	100.00%	---

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

(11) Segments of Enterprise:

There are four services provided by the Town which are financed by user charges - water and sewer services, waste management, golf course, and the transit system. The significant segment financial information for the year ended June 30, 2002 was:

	<u>Water and</u> <u>Sewer</u>	<u>Waste</u> <u>Management</u>	<u>Golf</u> <u>Course</u>	<u>Transit</u> <u>System</u>	<u>Total</u>
Operating revenues	\$6,277,972	\$921,650	\$227,615	\$1,542,576	\$8,969,813
Operating expenses:					
Depreciation	556,367	976	48,184	851,137	1,456,664
Other operating expenses	4,858,688	1,012,256	285,708	2,703,806	8,860,458

Total expenses	<u>5,415,055</u>	<u>1,013,232</u>	<u>333,892</u>	<u>3,554,943</u>	<u>10,317,122</u>
Operating Income/(Loss)	<u>862,917</u>	<u>(91,582)</u>	<u>(106,277)</u>	<u>(2,012,367)</u>	<u>(1,347,309)</u>
Operating assistance grants	----	----	----	1,590,930	1,590,930
Non operating revenues (expenses) (net)	<u>(14,190)</u>	<u>----</u>	<u>(22,992)</u>	<u>83,261</u>	<u>46,079</u>
Income (loss) before operating transfers	<u>848,727</u>	<u>(91,582)</u>	<u>(129,269)</u>	<u>(338,176)</u>	<u>289,700</u>
Transfers and Contributions:					
Capital Contribution	----	----	----	4,536,204	4,536,204
Transfer from other funds	378,140	----	----	----	378,140
Transfer to other funds	<u>(1,820,590)</u>	<u>----</u>	<u>(11,433)</u>	<u>----</u>	<u>(1,832,023)</u>
Net income (loss)	<u>\$ (593,723)</u>	<u>\$ (91,582)</u>	<u>\$ (140,702)</u>	<u>\$4,198,028</u>	<u>\$ 3,372,021</u>
Acquisition of property, plant and equipment	<u>\$ 387,728</u>	<u>\$ ----</u>	<u>\$314,544</u>	<u>\$1,873,984</u>	<u>\$2,576,256</u>
Net working capital	<u>\$ 4,546,706</u>	<u>\$ (64,678)</u>	<u>\$ (153,877)</u>	<u>\$397,358</u>	<u>\$4,725,509</u>
Total assets	<u>\$13,528,490</u>	<u>\$112,728</u>	<u>\$958,559</u>	<u>\$13,527,901</u>	<u>\$ 28,127,678</u>
Bonds payable	<u>\$ 4,258,484</u>	<u>\$ ----</u>	<u>\$494,512</u>	<u>\$ ----</u>	<u>\$ 4,752,996</u>
Total Equity/(Deficit)	<u>\$ 7,050,920</u>	<u>\$ (64,678)</u>	<u>\$322,170</u>	<u>\$10,213,851</u>	<u>\$ 17,522,263</u>

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

(12) Cemetery Trust

In 1969, the Town established a trust to provide funds for the perpetual care and maintenance of Westview Cemetery. The trust is administered by the First National Bank, Christiansburg, Virginia. An independent trustee has title to and control over all assets of the trust and is not included in the reporting entity. The Town remits 80 percent of the proceeds from the sale of cemetery lots to the trust.

(13) Jointly Governed Organizations

The Blacksburg-Christiansburg-VPI Water Authority was created by a concurrent resolution of the Town and other participating governing bodies. The Authority operates and maintains a water supply system for the Town, Virginia Tech and Christiansburg. Each governing body appoints one member of the five-member board of directors. Two at-large members are appointed by joint resolution of each of the member localities. All indebtedness is payable solely from the revenues of the water system. Although the Town is one of the Authority's customers, the Town has no obligation for any of its indebtedness. During fiscal year 2002, the Town paid \$1,416,431 to the water authority for purchases of water for Town residents.

The Blacksburg-VPI Sanitation Authority was created by a concurrent resolution of the Town and Virginia Tech. The Authority operates and maintains a wastewater treatment system for the Town and Virginia Tech. The five member board of directors consists of one member appointed by each governing body. Three at-large members are appointed by joint resolution. All indebtedness of the Authority is payable solely from the revenues of the Authority and is not an obligation of the Town. During fiscal year 2002, the Town paid \$1,600,930 for purchase of sewer services for Town residents.

The Town is a member of the Montgomery Regional Solid Waste Authority, which was created by a joint resolution on December 14, 1994 by the Town of Blacksburg, Town of Christiansburg, Montgomery County, and Virginia Tech. The Authority is governed by a five member board whereby the governing body of each member jurisdiction appoints one Board member, and all jurisdictions jointly appoint a fifth member. The Authority, which began operation in August 1995, operates a sanitary landfill and recycling facility. Each jurisdiction provides collection of solid waste and recyclables from within its jurisdiction and delivers the collected materials to the Authority for disposal of waste in the landfill, and processing and marketing of the recyclables. All Authority operations are financed by a tipping fee at the facility, and the individual jurisdictions are not liable for the debt of the Authority. The current tipping fee is \$49 per ton on material landfilled. Tipping fees for recyclables vary

(Continued)

Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

based upon market conditions. The remaining life of the landfill is estimated at five years, and the Authority has negotiated with an adjacent Authority for shared use of a new permitted landfill with an anticipated operating life of 30 years. The Town paid its contractor for tipping fees during the year ended June 30, 2002.

The Virginia Tech-Montgomery Executive Airport Authority (the "Airport Authority") was created by concurrent resolutions of the governing bodies of the Town of Blacksburg,

Town of Christiansburg, Montgomery County and Virginia Tech. The Authority is governed by a five member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. The Airport Authority utilizes revenues generated by the airport and contributions by the members to fund all airport activities. The Airport Authority has no bonded indebtedness. During fiscal year 2002, the Town paid \$20,000 toward the operations of the airport.

(14) Surety Bonds

	<u>Amount</u>
United States Fidelity and Guaranty Company Public Employee Bond	
All town employees - blanket bond	\$ 250,000
Commonwealth of Virginia, Department of General Services - Public Officials Liability	
Mayor and all Town Council Members	\$ 1,000,000

(15) Contingent Liabilities

The Town is named as a defendant in litigation involving claims for personal injury or property damages. Management estimate that any ultimate liability not covered by insurance would not have a material effect on the Town's financial position.

Special purpose grants are subject to audit to determine compliance with their requirements. Town officials believe that if any refunds are required, they will be immaterial.

(Continued)
Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

16) Expenditures in Excess of Appropriations

During fiscal year 2002, expenditures exceeded total appropriations in the following functional areas and funds:

<u>Appropriations</u>	<u>Expenditure</u>	<u>Variance</u>
-----------------------	--------------------	-----------------

Grants	\$ 7,000	\$ 88,647	\$(81,647)
--------	----------	-----------	------------

The unfavorable budget variance for Grants is the result of unbudgeted expenditures being offset by unbudgeted grant revenues.

(17) Postretirement Health Insurance Benefits

The Town provides postretirement health care benefits, in accordance with Town policy, to all employees who retire from the Town with a minimum of fifteen years of Town service or who retire from the Town because of an allowable disability as determined by the Virginia Retirement System (VRS). The Town provides a subsidy or credit for health insurance premiums based on the number of years of service that an individual has accumulated with the Town. As of year end there are eighteen retirees eligible to participate in the program. The Town finances the plan on a pay-as-you-go basis. For the year ended June 30, 2002, the Town incurred \$39,865 of expenditures.

(18) Risk Management

The Town is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates with other localities in a public entity risk pool, The Virginia Municipal Group Self Insurance, for their coverage of workers' compensation. The Town also participates with other localities in a public entity risk pool, the Virginia Municipal League, for their coverage of property damage. The Town pays an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pools provides that the pools will be self-sustaining through member premiums. The Town continues to carry commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

(Continued)

Town of Blacksburg, Virginia
Notes to Financial Statements
Year Ended June 30, 2002

(19) Subsequent Events

In October, 2002, the Town issued \$6,300,000 general obligation bonds dated October 1, 2002 to finance capital projects. The effective interest rate ranges from 2.75% to 4.55% and the bonds mature March 1, 2004 through March 1, 2023.

TOWN OF BLACKSBURG
Required Supplementary Information (unaudited)
Schedule of Funding Progress for the Defined Benefit Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Excess of Assets Over Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess as a Percentage of Covered Payroll</u>
June 30, 1996	\$ 11,299,507	\$ 10,316,219	\$ 983,288	109.50%	\$5,314,996	18.50%
June 30, 1999	16,033,395	13,599,304	\$ 2,434,091	117.90	5,630,509	43239
June 30, 1999	\$ 18,676,396	\$ 17,444,268	\$ 1,232,128	107.10%	5,989,223	20.59
June 30, 2000	21,729,873	19,207,929	2,521,944	113.13	6,618,264	38.11
June 30, 2001	23,979,195	21,243,150	2,736,045	112.88	7,771,166	35.21

General Fund Statements

GENERAL FUND

The General Fund accounts for the resources used to finance the fundamental operations of the Town. It is the basic fund of the Town and covers all activities for which a separate fund has not been established.

Schedule 1

TOWN OF BLACKSBURG, VIRGINIA
General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the fiscal year ended June 30, 2002

Sources of Revenues	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Local Taxes, Licenses and Permits:			
Real Estate Taxes:			
Current taxes, including penalties	\$ 2,334,000	\$ 2,330,639	\$ (3,361)
Delinquent taxes, including penalties	49,000	84,985	35,985
Interest (all property taxes)	1,000	2,299	1,299
Tax relief for the elderly and disabled	<u>(2,800)</u>	<u>(3,934)</u>	<u>(1,134)</u>
Total Real Estate Taxes	<u>2,381,200</u>	<u>2,413,989</u>	<u>32,789</u>
Other Local Taxes:			
Bank franchise taxes	220,000	203,230	(16,770)
Local sales and use taxes	1,050,000	826,243	(223,757)
Mobile home titling taxes	---	6,577	6,577
Consumers' utility taxes	1,470,600	1,500,946	30,346
Hotel and motel room taxes	307,000	300,839	(6,161)
Meals taxes	1,600,000	1,647,795	47,795
Cigarette taxes	185,000	160,505	(24,495)
DMV gross receipts taxes - rental cars	75,000	53,182	(21,818)
Utility franchise taxes	282,000	309,047	27,047
Cable franchise fee	234,000	221,514	(12,486)
E-911 maintenance taxes	<u>300,000</u>	<u>298,463</u>	<u>(1,537)</u>
Total Other Local Taxes	<u>5,723,600</u>	<u>5,528,341</u>	<u>(195,259)</u>
Licenses and Permits:			
Motor vehicle licenses	245,000	233,902	(11,098)
Business license taxes	1,153,700	1,185,744	32,044
Building permits	100,000	109,625	9,625
Zoning and subdivision fees	<u>10,000</u>	<u>17,633</u>	<u>7,633</u>
Total Licenses and Permits	<u>1,508,700</u>	<u>1,546,904</u>	<u>38,204</u>
Total Local Taxes, Licenses and Permits	<u>9,613,500</u>	<u>9,489,234</u>	<u>(124,266)</u>

(Continued)

Schedule 1, continued

TOWN OF BLACKSBURG, VIRGINIA
General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the fiscal year ended June 30, 2002

Sources of Revenues	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Intergovernmental Revenues:			
Federal Government:			
COPS FAST grant	\$ 100,000	\$ 105,268	\$ 5,268
Police Selective Enforcement Grants	7,000	12,269	5,269
Commonwealth of Virginia			
Street and highway maintenance	1,900,000	1,947,878	47,878
ABC profits	90,200	107,572	17,372
Police reimbursement	894,700	816,845	(77,855)
Wine tax	53,400	55,780	2,380
Rolling stock tax	---	395	395
Transportation enhancement grant	200,000	200,000	---
Wireless E-911 PSAP Funding	---	<u>119,793</u>	<u>119,793</u>
Total Intergovernmental Revenues	<u>3,245,300</u>	<u>3,365,800</u>	<u>120,500</u>
Charges for Current Services:			
Charges for Rental of Property:			
Parking meters and lots	90,000	79,160	(10,840)
Rental of general properties	<u>145,400</u>	<u>165,509</u>	<u>20,109</u>
Total Charges for Rental of Property	<u>235,400</u>	<u>244,669</u>	<u>9,269</u>
Charges for Current Services:			
Fire protection services	115,000	114,021	(979)
Virginia Tech electric contract	250,000	250,000	---
Reproducing police reports	4,000	4,326	326
Police alarm monitoring fee	3,000	675	(2,325)
Sale of cemetery lots	5,000	5,490	490
Digging graves	25,000	18,200	(6,800)
Weed cutting charges	---	6,775	6,775
Sale of materials & supplies	15,000	9,210	(5,790)
Sale of maps, surveys, etc	1,000	3,581	2,581
Sale of surplus properties	5,000	110,161	105,611
Montgomery County reimbursement	<u>3,000</u>	<u>2,910</u>	<u>(90)</u>
Total Charges for Current Services	<u>426,000</u>	<u>525,349</u>	<u>99,349</u>

Schedule 1, continued

TOWN OF BLACKSBURG, VIRGINIA
General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the fiscal year ended June 30, 2002

Sources of Revenues	Revised Budget	Actual	Variance Favorable (Unfavorable)
Quasi-external revenue - charge for administration, personnel and other services:			
Waste management fund transfer	\$ 11,300	\$ 11,300	\$ ---
Water and sewer transfer	490,000	490,000	---
Golf course transfer	14,500	14,500	---
Transit system reimbursement	<u>269,600</u>	<u>219,600</u>	<u>(50,000)</u>
Total Quasi-External Revenue	<u>785,400</u>	<u>735,400</u>	<u>(50,000)</u>
Total Charges for Current Services	<u>1,446,800</u>	<u>1,505,418</u>	<u>58,618</u>
Fines and Forfeitures:			
Court fines and forfeitures	105,000	133,809	28,809
Parking fines and traffic tickets	<u>90,000</u>	<u>81,458</u>	<u>(8,542)</u>
Total Fines and Forfeitures	<u>195,000</u>	<u>215,267</u>	<u>20,267</u>
Interest on Bank Deposits	<u>285,000</u>	<u>148,533</u>	<u>(136,467)</u>
Other Revenues:			
Recreation fees	194,000	200,603	6,603
Indoor aquatic center	179,900	152,857	(27,043)
VASAP administration	4,500	4,245	(255)
Cemetery Trust income	26,000	27,981	1,981
Cable TV support for WTOB	63,000	45,753	(17,247)
Donations	3,500	18,468	14,968
Other revenue	<u>36,600</u>	<u>39,863</u>	<u>3,263</u>
Total Other Revenues	<u>507,500</u>	<u>489,770</u>	<u>(17,730)</u>
Total General Fund Revenues	<u>15,293,100</u>	<u>15,214,022</u>	<u>(79,078)</u>
Other Financing Sources:			
Transfer from other funds	300,000	427,429	127,429
Bond proceeds	<u>300,000</u>	<u>300,000</u>	<u>---</u>
Total Other Financing Sources	<u>600,000</u>	<u>727,429</u>	<u>127,429</u>
Total General Fund Revenues and Other Financing Sources	<u>\$ 15,893,100</u>	<u>\$ 15,941,451</u>	<u>\$ 48,351</u>

TOWN OF BLACKSBURG, VIRGINIA

Schedule 2

General Fund

Schedule of Expenditures and Encumbrances
Compared with Appropriations

For the fiscal year ended June 30, 2002

	Revised Budget	Encumbrances	Expenditures	Variance Favorable (Unfavorable)
Legislative:				
Town Council:				
Personal services	\$ 56,195	\$ --	\$ 56,193	\$ 2
Operating expenditures	122,595	-	118,214	4,381
Total Town Council	178,790	---	174,407	4,383
Clerk of Council:				
Personal services	62,290	---	62,289	1
Operating expenditures	12,362	---	10,516	1,846
Capital outlay	---	---	---	---
Total Clerk of Council	74,652	---	72,805	1,847
Total Legislative	253,442	---	247,212	6,230
Executive:				
Town Manager:				
Personal services	246,827	---	241,860	4,967
Operating expenditures	145,251	2,810	130,609	11,832
Capital outlay	20,927	40	20,887	---
Total Town Manager	413,005	2,850	393,356	16,799
Human Resources:				
Personal services	201,041	---	200,991	50
Operating expenditures	46,814	---	45,940	874
Capital outlay	---	---	---	---
Total Human Resources	247,855	---	246,931	924
Public Information/Channel 2				
Personal services	165,593	---	144,497	21,096
Operating expenditures	92,898	---	78,010	14,888
Capital outlay	10,700	---	4,453	6,247

Total Public Information/Channel 2	209,191	---	220,900	42,251
Total Executive	930,051	2,850	867,247	59,954
Legal:				
Town Attorney:				
Personal services	140,790	---	135,392	5,398
Operating expenditures	36,405	110	27,081	9,214
Capital outlay	---	---	---	---
Total Legal	177,195	110	162,473	14,612
Judicial				
General District Court:				
Operating expenditures	8,579	---	7,321	1,258
Capital outlay	12,701	---	10,621	2,080
Total Judicial	21,280	---	17,942	3,338
Financial Services:				
Administration:				
Operating expenditures	156,360	---	119,179	37,181
Capital outlay	27,264	---	27,263	1
Total Administration	183,624	---	146,442	37,182
Accounting:				
Personal services	382,429	---	342,765	39,664
Operating expenditures	80,767	---	68,066	12,701
Capital outlay	650	---	650	---
Total Accounting	463,846	---	411,481	52,365
Management Information Services:				
Personal services	136,788	---	129,801	6,987
Operating expenditures	131,692	3,900	98,736	29,056
Capital outlay	2,500	---	2,444	56
Total Management Information	270,980	3,900	230,981	36,099
Purchasing:				
Personal services	156,137	---	156,127	10
Operating expenditures	31,478	---	29,923	1,555
Capital outlay	15,882	---	14,541	1,041

Total Purchasing	<u>203,491</u>	<u>---</u>	<u>200,091</u>	<u>2,000</u>
Total Financial Services	<u>1,121,947</u>	<u>3,900</u>	<u>989,795</u>	<u>128,252</u>

(continued)

Schedule 2, continued

TOWN OF BLACKSBURG, VIRGINIA

General Fund

Schedule of Expenditures and Encumbrances
Compared with Appropriations

For the fiscal year ended June 30, 2002

	<u>Revised Budget</u>	<u>Encumbrances</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Police:				
Police Chief:				
Personal services	200,555	---	200,353	202
Operating expenditures	<u>67,934</u>	<u>---</u>	<u>65,624</u>	<u>2,310</u>
Total Police Chief	<u>268,489</u>	<u>---</u>	<u>265,977</u>	<u>2,512</u>
Services:				
Personal services	676,999	---	660,017	16,982
Operating expenditures	193,809	---	180,804	13,005
Capital outlay	<u>33,056</u>	<u>22,302</u>	<u>10,239</u>	<u>515</u>
Total Services	<u>903,864</u>	<u>22,302</u>	<u>851,060</u>	<u>30,502</u>
E-911 Fund:				
Personal services	297,894	---	297,894	---
Operating expenditures	<u>32,758</u>	<u>---</u>	<u>32,758</u>	<u>---</u>
Total E-911 Fund	<u>330,652</u>	<u>---</u>	<u>330,652</u>	<u>---</u>
Operations:				
Personal services	2,404,234	---	2,396,186	8,048
Operating expenditures	215,926	---	191,831	24,095
Capital outlay	<u>93,763</u>	<u>---</u>	<u>88,648</u>	<u>5,115</u>
Total Operations	<u>2,713,923</u>	<u>---</u>	<u>2,676,665</u>	<u>37,258</u>
Total Police	<u>4,216,928</u>	<u>22,302</u>	<u>4,124,354</u>	<u>70,272</u>

Fire and Rescue:

Volunteer Fire Department:

Personal services	59,996	---	54,615	5,381
Operating expenditures	201,673	---	199,886	1,787
Capital outlay	27,000	---	26,914	86
Total Volunteer Fire Department	288,669	---	281,415	7,254

Volunteer Rescue Department:

Personal services	97,538	---	94,580	2,958
Operating expenditures	201,593	2,907	189,586	9,100
Capital outlay	61,067	1,316	58,425	1,326
Total Volunteer Rescue Department	360,198	4,223	342,591	13,384

Total Fire and Rescue Departments	648,867	4,223	624,006	20,638
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Technology:

Personal services	210,549	---	210,549	---
Operating expenditures	112,305	---	112,305	---
Capital outlay	4,385	---	4,385	---
Total Technology	327,239	---	327,239	---

Planning and Engineering:

Planning:

Personal services	621,820	---	621,817	3
Operating expenditures	77,417	14,576	62,491	350
Capital outlay	10,063	---	10,063	---
Total Planning	709,300	14,576	694,371	353

Inspections:

Personal services	123,407	---	122,375	1,032
Operating expenditures	10,131	---	9,956	175
Capital outlay	---	---	---	---
Total Inspections	133,538	---	132,331	1,207

Engineering:

Personal services	361,726	---	361,679	47
Operating expenditures	114,481	840	113,511	130
Capital outlay	1,360	---	1,272	88
Total Engineering	477,567	840	476,462	265

Total Planning and Engineering	<u>1,320,405</u>	<u>15,416</u>	<u>1,303,164</u>	<u>1,825</u>
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(continued)

Schedule 2, continued

TOWN OF BLACKSBURG, VIRGINIA

General Fund

Schedule of Expenditures and Encumbrances
Compared with Appropriations

For the fiscal year ended June 30, 2002

	<u>Revised Budget</u>	<u>Encumbrances</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Public Works				
Administration:				
Personal services	169,226	---	164,742	4,484
Operating expenditures	53,507	---	52,353	1,154
Capital outlay	<u>1,118</u>	<u>---</u>	<u>1,117</u>	<u>1</u>
Total Administration	<u>223,851</u>	<u>---</u>	<u>218,212</u>	<u>5,639</u>
Street Maintenance:				
Personal services	788,269	---	762,433	25,836
Operating expenditures	489,892	23,521	438,068	28,303
Capital outlay	<u>159,422</u>	<u>---</u>	<u>159,422</u>	<u>---</u>
Total Street Maintenance	<u>1,437,583</u>	<u>23,521</u>	<u>1,359,923</u>	<u>54,139</u>
General Properties:				
Personal services	709,098	---	705,462	3,636
Operating expenditures	222,919	---	214,627	8,292
Capital outlay	<u>8,196</u>	<u>---</u>	<u>8,190</u>	<u>6</u>
Total General Properties	<u>940,213</u>	<u>---</u>	<u>928,279</u>	<u>11,934</u>

Cemetery:

Personal Services	61,340	---	61,344	2
Operating expenditures	27,802	5,838	21,867	97
Capital outlay	---	---	---	---
Total Cemetery	89,348	5,838	83,411	99
Horticulture:				
Personal services	266,894	---	260,571	6,323
Operating expenditures	75,737	---	73,449	2,288
Capital outlay	600	---	---	600
Total Horticulture	343,231	---	334,020	9,211
Park Maintenance:				
Personal services	168,923	---	168,923	---
Operating expenditures	14,652	---	14,648	4
Capital Outlay	172	---	172	---
Total Park Maintenance	183,747	---	183,743	4
Total Public Works	3,217,973	29,359	3,107,588	81,026
Recreation:				
Administration:				
Personal services	159,790	---	156,312	3,478
Operating expenditures	82,161	---	77,935	4,226
Capital outlay	1,054	---	981	73
Total Administration	243,005	---	235,228	7,777
Recreation Centers and Playgrounds:				
Personal Services	463,616	---	443,392	20,224
Operating expenditures	261,577	1,839	220,942	38,796
Capital outlay	7,911	---	829	7,082
Total Center and Playgrounds	733,104	1,839	665,163	66,102
Aquatics Center:				
Personal services	296,763	---	252,779	43,984
Operating expenditures	132,499	---	95,623	36,876
Capital Outlay	42,985	---	42,985	---
Total Aquatics Center	472,247	---	391,387	80,860

Total Recreation	<u>1,440,530</u>	<u>1,039</u>	<u>1,291,770</u>	<u>134,739</u>
Grants:				
Wireless E911 PSAP Funds	---	---	75,140	(75,140)
Department of Motor Vehicle grants	<u>7,000</u>	<u>---</u>	<u>13,507</u>	<u>(6,507)</u>
Total Grants	<u>7,000</u>	<u>---</u>	<u>88,647</u>	<u>(81,647)</u>
Capital Outlay	<u>650,000</u>	<u>---</u>	<u>650,000</u>	<u>----</u>
Transfers:				
Debt Service Fund	1,233,414	---	1,177,542	55,872
Capital Projects Funds	<u>1,599,966</u>	<u>---</u>	<u>1,599,966</u>	<u>---</u>
Total Transfers	<u>2,833,380</u>	<u>---</u>	<u>2,777,508</u>	<u>55,872</u>
Total General Fund Expenditures and Other Financing Uses	<u>\$ 17,174,063</u>	<u>\$ 79,999</u>	<u>\$ 16,578,953</u>	<u>\$ 515,111</u>

Capital Project Funds

CAPITAL PROJECT FUNDS

The Capital Projects Funds account for the resources used in the acquisition or construction of major long-lived capital assets. Their main purpose is to assure the legal expenditure of resources. The funds also accumulate costs of major capital outlay, thus functioning as cost accounting mechanisms. The Town has the following Capital Project Funds:

Safety Project Fund - for the development of safety projects with a life in excess of one year.

Equipment Depreciation Fund – for the purchase of replacement equipment and vehicles on a planned basis.

General Fund Projects Fund – for the construction and maintenance of Town facilities and infrastructure, for the development and construction of major street improvements, and for the purchase of major equipment and vehicles valued in excess of \$15,000 with a life expectancy of five years or more.

Building System Fund – for the maintenance and replacement of the Town's building heating and air conditioning systems.

Building Maintenance Fund – for the maintenance and replacement of the Town's rental properties.

Water and Sewer Projects Fund - for the construction of facilities and the purchase of major equipment and vehicles in excess of \$15,000.

TOWN OF BLACKSBURG, VIRGINIA
Capital Projects Funds
Combining Balance Sheet

June 30, 2002

<u>Assets</u>	<u>Safety Projects</u>	<u>Equipment Depreciation</u>	<u>General Fund Projects</u>	<u>Building Systems</u>
Cash and cash equivalents	\$ 129,215	\$ 168,678	\$ 353,479	\$ 78,318
Restricted cash and cash equivalents	---	---	1,278,010	---
Investments	---	916,000	1,904,000	---
Account receivable	---	63,082	12,244	---
Due from general fund	---	462,983	---	---
Accrued interest	---	18,373	---	---
	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total assets	<u>\$ 129,215</u>	<u>\$ 1,629,116</u>	<u>\$ 3,547,733</u>	<u>\$ 78,318</u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 1,554	\$ ---	\$ 113,072	\$ 1,244
Deferred income	<u>---</u>	<u>---</u>	<u>84,725</u>	<u>---</u>
Total liabilities	<u>1,554</u>	<u>---</u>	<u>197,797</u>	<u>1,244</u>

Fund balances:

Unreserved:				
Designated	<u>127,661</u>	<u>1,629,116</u>	<u>3,349,936</u>	<u>77,074</u>
Total fund balances	<u>127,661</u>	<u>1,629,116</u>	<u>3,349,936</u>	<u>77,074</u>
Total liabilities and fund balances	<u>\$ 129,215</u>	<u>\$ 1,629,116</u>	<u>\$ 3,547,733</u>	<u>\$ 78,318</u>

Schedule 3

<u>Building Maintenance</u>	<u>Water & Sewer Projects</u>	<u>Total</u>
\$ 23,634	\$ 170,074	\$ 923,398
---	1,190,201	2,468,211
---	843,000	3,663,000
---	---	75,326
---	---	462,983
---	---	18,373
<u>\$ 23,634</u>	<u>\$ 2,203,275</u>	<u>\$ 7,611,291</u>

\$ ---	\$ 71,012	\$ 186,882
---	---	84,725
<u>\$ ---</u>	<u>\$ 71,012</u>	<u>\$ 271,607</u>

<u>23,634</u>	<u>2,132,263</u>	<u>7,339,684</u>
<u>23,634</u>	<u>2,132,263</u>	<u>7,339,684</u>
<u>\$ 23,634</u>	<u>\$ 2,203,275</u>	<u>\$ 7,611,291</u>

TOWN OF BLACKSBURG, VIRGINIA
 Capital Projects Funds
 Combining Statement of Revenues
 Expenditures and Charges in Fund Balance

For the Fiscal Year Ended June 30, 2002

	<u>Safety Projects</u>	<u>Equipment Depreciation</u>
Revenues:		
Intergovernmental Revenue	\$ ---	\$ ---
Other	50,727	---
Interest	<u>---</u>	<u>76,070</u>
Total revenues	<u>50,727</u>	<u>76,070</u>
Expenditures:		
Capital outlay	34,840	556,887
Debt service:		
Principal retirement	---	239,158
Interest	<u>---</u>	<u>16,519</u>
Total expenditures	<u>34,840</u>	<u>812,564</u>
Excess of expenditures over (under) revenues	<u>15,887</u>	<u>(736,494)</u>
Other financing sources (uses):		
Operating transfers from other funds	43,548	125,816
Operating transfers to other funds	---	(173,879)
Net other financing sources (uses)	<u>43,548</u>	<u>(48,063)</u>
Excess of revenues and other sources over (under) expenditures	59,435	(784,557)
Fund balances at beginning of year	<u>68,226</u>	<u>2,413,673</u>
Fund balances at end of year	<u>\$ 127,661</u>	<u>\$1,629,116</u>

<u>General Fund Projects</u>	<u>Systems</u>	<u>Building Maintenance</u>	<u>Water and Building Projects</u>	<u>Sewer Total</u>
\$ 90,504	\$ ---	\$ ---	\$ ---	\$ 90,504
48,387	---	---	---	99,114
---	---	---	---	<u>76,070</u>
<u>138,891</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>265,688</u>
1,163,470	7,015	2,429	426,465	2,191,106
---	---	---	---	239,158
---	---	---	---	<u>16,519</u>
<u>1,163,470</u>	<u>7,015</u>	<u>2,429</u>	<u>426,465</u>	<u>2,446,783</u>
<u>(1,024,579)</u>	<u>(7,015)</u>	<u>(2,429)</u>	<u>(426,465)</u>	<u>(2,181,095)</u>
1,500,315	41,103	15,000	1,730,382	3,456,164
<u>(451,604)</u>	<u>---</u>	<u>---</u>	<u>(204,261)</u>	<u>(829,744)</u>
<u>1,048,711</u>	<u>41,103</u>	<u>15,000</u>	<u>1,526,121</u>	<u>2,626,420</u>
24,132	34,088	12,571	1,099,656	445,325
<u>3,325,804</u>	<u>42,986</u>	<u>11,063</u>	<u>1,032,607</u>	<u>6,894,359</u>
<u>\$ 3,349,936</u>	<u>77,074</u>	<u>23,634</u>	<u>2,132,263</u>	<u>7,339,684</u>

ENTERPRISE FUNDS

Water and Sewer Fund - to account for the provision of water and sewer services to the residents of the Town and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, debt service, maintenance, and interfund charges for billing and collections. Included in this fund are interfund charges for administrative services provided by general fund staff.

Waste Management Fund - to account for the refuse and recycling activities of the Town, as provided under contract by a private refuse contractor. Included in this fund are interfund charges for administrative services provided by general fund staff.

Golf Course Fund - to account for operation and maintenance of the Town-owned nine-hole golf course. Included in this fund are interfund charges for administrative services provided by general fund staff.

Transit System Fund - to account for operation and maintenance of the Town-owned transit system. Included in this fund are interfund charges for administrative services provided by general fund staff.

Schedule 5

TOWN OF BLACKSBURG, VIRGINIA
Enterprise Funds
Combining Balance Sheet
June 30, 2002

	Water and Sewer	Waste Management	Golf Course	Transit System	Total
<u>Assets</u>					
Current assets:					
Cash and temporary investments	\$5,498,945	\$ ---	\$ ---	\$ 229,821	\$5,728,766
Cash with fiscal agent	10,000	---	---	---	10,000
Utilities receivable, net	757,057	104,185	---	---	861,242
Accounts receivable, net	10,936	8,543	---	36,600	56,079
Accrued interest	19,076	---	---	579	19,655
Receivable from other governments	---	---	---	3,444,408	3,444,408
Inventories	---	---	8,350	---	8,350
Total current asset	<u>6,296,014</u>	<u>112,728</u>	<u>8,350</u>	<u>3,711,408</u>	<u>10,128,500</u>
Fixed Assets	14,983,575	8,345	1,153,209	15,688,346	31,833,475
Less accumulated depreciation	<u>7,751,099</u>	<u>8,345</u>	<u>203,000</u>	<u>5,871,853</u>	<u>13,834,297</u>
Net fixed assets	<u>7,232,476</u>	<u>---</u>	<u>950,209</u>	<u>9,816,493</u>	<u>17,999,178</u>
Total assets	<u>\$13,528,490</u>	<u>\$ 112,728</u>	<u>\$ 958,559</u>	<u>\$13,527,901</u>	<u>\$28,127,678</u>
<u>Liabilities and fund equity</u>					
Liabilities:					
Current liabilities:					
Accounts payable and					
Accrued expenses	\$ 868,618	\$ 111,143	\$ 13,020	\$ 3,263,116	\$ 4,255,897
Employee leave liability	122,809	483	22,762	50,934	196,988
Current maturities of long-term debt	234,921	---	20,350	---	255,271
Current maturities of capital lease	177,441	---	---	---	177,441
Customer deposits	160,112	---	---	---	160,112
Due to general fund	---	65,780	106,095	---	171,875
Deferred revenue	<u>185,407</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>185,407</u>
Total current liabilities	<u>1,749,308</u>	<u>177,406</u>	<u>162,227</u>	<u>3,314,050</u>	<u>5,402,991</u>
Long-term debt (net) and discount	4,023,563	---	474,162	---	4,497,725
Long-term capital lease obligation	<u>704,699</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>704,699</u>
Total liabilities	<u>6,477,570</u>	<u>177,406</u>	<u>636,389</u>	<u>3,314,050</u>	<u>10,605,415</u>
Fund equity:					
Contributed capital	950,405	---	377,680	4,471,478	5,799,563
Retained earnings	<u>6,100,515</u>	<u>(64,678)</u>	<u>(55,510)</u>	<u>5,742,373</u>	<u>11,722,700</u>
Total fund equity	<u>7,050,920</u>	<u>(64,678)</u>	<u>322,170</u>	<u>10,213,851</u>	<u>17,522,263</u>
Total liabilities and fund equity	<u>\$13,528,490</u>	<u>\$ 112,728</u>	<u>\$ 958,559</u>	<u>\$13,527,901</u>	<u>\$25,127,678</u>

TOWN OF BLACKSBURG, VIRGINIA
Enterprise Funds
Combining Statement of Revenues, Expenses and
Changes in Retained Earnings

For the fiscal year ended June 31, 2002

	<u>Water and Sewer</u>	<u>Waste Management</u>	<u>Golf Course</u>	<u>Transit System</u>	<u>Total</u>
Operating revenues:					
Charges for current services:					
Water service	\$ 2,941,090	\$ ---	\$ ---	\$ ---	\$ 2,941,090
Sewer service	3,002,423				3,002,423
Charges for services	<u>---</u>	<u>910,694</u>	<u>227,615</u>	<u>1,542,576</u>	<u>2,680,885</u>
Total charges for current services	<u>5,943,513</u>	<u>910,694</u>	<u>227,615</u>	<u>1,542,576</u>	<u>8,624,398</u>
Fees:					
Availability and transfer fees	99,975	---	---	---	99,975
Meter installation	107,359	---	---	---	107,359
Connection fees	<u>49,698</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>49,698</u>
Total fees	<u>257,032</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>257,032</u>
Other	<u>77,427</u>	<u>10,956</u>	<u>---</u>	<u>---</u>	<u>88,383</u>
Total operating revenues	<u>6,277,972</u>	<u>921,650</u>	<u>227,615</u>	<u>1,542,576</u>	<u>8,969,813</u>
Operating expenses:					
Water:					
Personal services	187,766	---	---	---	187,766
Contractual services	1,416,431	---	---	---	1,416,431
Other	<u>129,815</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>129,815</u>
Total water	<u>1,734,012</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>1,734,012</u>
Sewer:					
Personal services	299,338	---	---	---	299,338
Contractual services	1,600,930	---	---	---	1,600,930
Other	<u>47,560</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>47,560</u>
Total sewer	<u>1,947,828</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>1,947,828</u>
Administration	<u>1,176,848</u>	<u>11,300</u>	<u>14,500</u>	<u>219,600</u>	<u>1,422,248</u>
Depreciation	<u>556,367</u>	<u>976</u>	<u>48,184</u>	<u>851,137</u>	<u>1,456,664</u>
Other funds					
Personal services	---	78,201	193,064	1,877,969	2,149,234
Contracted services	---	896,406	---	141,013	1,037,419
Other	<u>---</u>	<u>26,349</u>	<u>78,144</u>	<u>465,224</u>	<u>569,717</u>
Total	<u>---</u>	<u>1,000,956</u>	<u>271,208</u>	<u>2,484,206</u>	<u>3,756,370</u>
Total operating expenses	<u>5,415,055</u>	<u>1,013,232</u>	<u>333,892</u>	<u>3,554,943</u>	<u>10,317,122</u>
Operating income (loss)	862,917	(91,582)	(106,277)	(2,012,367)	(1,347,309)

(continued)

Schedule 6, continued

TOWN OF BLACKSBURG, VIRGINIA
Enterprise Funds
Combining Statement of Revenues, Expenses and
Changes in Retained Earnings

For the fiscal year ended June 30, 2002

	Water and <u>Sewer</u>	Waste <u>Management</u>	Golf <u>Course</u>	Transit <u>System</u>	<u>Total</u>
Nonoperating revenues (expenses):					
Interest on investment	\$ 184,632	\$ ---	\$ ---	\$ 3,175	\$ 187,807
Other income	11,266	---	---	21,882	33,148
Operating assistance grants	---	---	---	1,590,930	1,590,930
Gain on disposal of assets	58,500	---	---	58,204	116,704
Interest on long-term obligation	<u>(268,588)</u>	<u>---</u>	<u>(22,992)</u>	<u>---</u>	<u>(291,580)</u>
Net nonoperating revenues (expenses)	<u>(14,190)</u>	<u>---</u>	<u>(22,992)</u>	<u>1,674,191</u>	<u>1,637,009</u>
Net income (loss) before operating transfers	<u>848,727</u>	<u>(91,582)</u>	<u>(129,269)</u>	<u>(338,176)</u>	<u>289,700</u>
Transfers and Contributions:					
Capital contributions	---	---	---	4,536,204	4,536,204
Operating transfer from other funds	378,140	---	---	---	378,140
Operating transfer to other funds	<u>(1,820,590)</u>	<u>---</u>	<u>(11,433)</u>	<u>---</u>	<u>(1,832,023)</u>
Net operating transfers	<u>(1,442,450)</u>	<u>---</u>	<u>(11,433)</u>	<u>4,536,204</u>	<u>3,082,321</u>
Net Income (loss)	<u>(593,723)</u>	<u>(91,582)</u>	<u>(140,702)</u>	<u>4,198,028</u>	<u>3,372,021</u>
Depreciation charged to capital	48,255	---	738	627,549	676,542
Retained earnings at beginning of year	<u>6,645,983</u>	<u>26,904</u>	<u>84,454</u>	<u>916,796</u>	<u>7,674,137</u>
Retained earnings at end of year	<u>\$ 6,100,515</u>	<u>\$ (64,678)</u>	<u>\$ (55,510)</u>	<u>\$ 5,742,373</u>	<u>\$ 11,722,700</u>

TOWN OF BLACKSBURG, VIRGINIA
Enterprise Funds
Combining Statement of Cash Flows

For the fiscal year ended June 30, 2002

	<u>Water and Sewer</u>	<u>Waste Management</u>	<u>Golf Course</u>	<u>Transit System</u>	<u>Total</u>
Operating Activities:					
Cash received from customers	\$ 6,336,703	\$ 904,555	\$ 227,615	\$ 1,536,060	\$ 9,004,933
Cash paid to suppliers	(4,467,044)	(896,820)	(121,928)	(842,428)	(6,328,220)
Cash paid to employees	(471,551)	(78,453)	(178,078)	(1,863,770)	(2,591,852)
Other operating revenue	<u>88,693</u>	<u>10,956</u>	<u>---</u>	<u>21,882</u>	<u>121,531</u>
Net cash provided/(used) by operating activities	<u>1,486,801</u>	<u>(59,762)</u>	<u>(72,391)</u>	<u>(1,148,256)</u>	<u>206,392</u>
Noncapital finance activities:					
Operating transfers from other funds	(1,820,590)	---	(11,433)	---	(1,832,023)
Operating transfers to other funds	378,140	---	---	---	378,140
Operating assistance grant received	<u>---</u>	<u>---</u>	<u>---</u>	<u>2,251,027</u>	<u>2,251,027</u>
Net cash provided/(used) by noncapital financing activities	<u>(1,442,450)</u>	<u>---</u>	<u>(11,433)</u>	<u>2,251,027</u>	<u>797,144</u>
Capital and Related Financing Activities:					
Principal repayment	(487,055)	---	(20,350)	---	(507,405)
Interest paid	(297,375)	---	(27,162)	---	(324,537)
Acquisition and construction of capital assets	(387,729)	---	(314,544)	(1,873,983)	(2,576,256)
Proceeds from sale of assets	58,500	---	---	60,450	118,950
Capital contribution from other governments	---	---	---	1,383,327	1,383,327
Loan from general fund	<u>---</u>	<u>59,762</u>	<u>106,095</u>	<u>(445,340)</u>	<u>(279,483)</u>
Net cash provided/(used) by capital and related financing activities	<u>(1,113,659)</u>	<u>59,762</u>	<u>(255,961)</u>	<u>(875,546)</u>	<u>(2,185,404)</u>
Investing Activities:					
Interest income	<u>188,001</u>	<u>---</u>	<u>---</u>	<u>2,596</u>	<u>190,597</u>
Net cash provided by investing activities	<u>188,001</u>	<u>---</u>	<u>---</u>	<u>2,596</u>	<u>190,597</u>
Net increase/(decrease) in cash	(881,307)	---	(339,785)	229,821	(991,271)
Cash at beginning of year	<u>6,390,252</u>	<u>---</u>	<u>339,785</u>	<u>---</u>	<u>6,730,037</u>
Cash at end of year	<u>\$5,508,945</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 229,821</u>	<u>\$ 5,738,766</u>

(Continued)

Schedule 7, continued

TOWN OF BLACKSBURG, VIRGINIA
Enterprise Funds
Combining Reconciliation of Net Income to Net Cash Provided/(Used)
by Operating Activities

For the fiscal year ended June 30, 2002

	Water and <u>Sewer</u>	Waste <u>Management</u>	Golf <u>Course</u>	Transit <u>System</u>	<u>Total</u>
Operating income/(loss)	\$862,917	\$(91,582)	\$(106,277)	\$ (2,012,367)	\$(1,347,309)
Adjustments to reconcile operating income to net cash provided/(used) by operations:					
Depreciation	556,367	976	48,184	851,137	1,456,664
(Increase)/Decrease in utilities receivable	6,013	(4,450)	---	---	1,563
(Increase)/Decrease in accounts receivable	(712)	(1,689)	---	(6,516)	(8,917)
(Increase)/Decrease in inventory and prepaids	---	---	1,210	---	1,210
Increase/(Decrease) in accounts payable and other liabilities	(69,370)	36,983	(15,508)	(2,392)	(50,287)
Increase/(Decrease) in Deferred revenue	120,320	---	---	---	120,320
Other Income	<u>11,266</u>	<u>---</u>	<u>---</u>	<u>21,882</u>	<u>33,148</u>
Net cash provided/(used) by operating activities	<u>\$1,486,801</u>	<u>\$(59,762)</u>	<u>\$(72,391)</u>	<u>\$(1,148,256)</u>	<u>\$206,392</u>
Schedule of Noncash Activities:					
Capital and Related Financing Activities					
Acquisition of capital asset financed by accounts payable	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 3,220,672</u>	<u>\$ 3,220,672</u>
Capital contribution receivable	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 3,152,876</u>	<u>\$ 3,152,876</u>

AGENCY FUNDS

The Town serves as fiscal agent for the New River Valley Alcohol Safety Action Program and the Virginia Tech/Montgomery Regional Airport Authorities. Duties assumed in connection with this responsibility include payroll processing and accounting, payment of invoices, and bank reconciliations. VASAP and the Airport Authority reimburse the Town for these services through a monthly fee based on an indirect cost allocation schedule.

Schedule 8

TOWN OF BLACKSBURG, VIRGINIA

Agency Funds
Balance Sheet
June 30, 2002

	New River Valley Alcohol Safety <u>Action Program</u>	Virginia Tech Montgomery County <u>Regional Airport</u>	<u>Total</u>
Assets:			
Cash and temporary investments	\$ 284,159	\$ 11,178	\$ 295,337
Accounts receivable, net	16,212	---	16,212
Accrued interest	<u>1,350</u>	<u>---</u>	<u>1,350</u>
Total assets	<u>\$ 301,721</u>	<u>\$ 11,178</u>	<u>\$ 312,899</u>
Liabilities:			
Accounts payable	\$35,007	\$ 66	\$ 35,073
Accrued expense	5,854	1,180	7,034
Due to general fund	19,653	9,934	29,587
Liability to agency	<u>241,207</u>	<u>(2)</u>	<u>241,205</u>
Total liability	<u>\$ 301,721</u>	<u>\$ 11,178</u>	<u>\$ 312,899</u>

TOWN OF BLACKSBURG, VIRGINIA
New River Valley Alcohol Safety Action Program
Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2002

Assets:	Balance <u>July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2002</u>
Cash and investments	\$ 513,847	\$ ---	\$229,688	\$284,159
Accounts receivable, net	20,317	---	4,105	16,212
Accrued interest	<u>3,182</u>	<u>---</u>	<u>1,832</u>	<u>1,350</u>
Total assets	<u>\$ 537,346</u>	<u>\$ ---</u>	<u>\$235,625</u>	<u>\$301,721</u>
Liabilities:				
Accounts payable	\$ 33,461	\$ 1,546	\$ ---	\$ 35,007
Accrued expenses	5,058	796	---	5,854
Due to general fund	212,114	---	192,461	19,653
Liability to agency	<u>286,713</u>	<u>---</u>	<u>45,506</u>	<u>241,207</u>
Total liabilities	<u>\$ 537,346</u>	<u>\$ 2,342</u>	<u>\$237,967</u>	<u>\$301,721</u>

TOWN OF BLACKSBURG, VIRGINIA
Virginia Tech Montgomery County Regional Airport
Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2002

Assets:	Balance <u>July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2002</u>
Cash and investments	\$ ---	\$ 11,178	\$ ---	\$ 11,178
Total assets	<u>\$ ---</u>	<u>\$ 11,178</u>	<u>\$ ---</u>	<u>\$ 11,178</u>
Liabilities:				
Accounts payable	\$ ---	\$ 66	\$ ---	\$ 66
Accrued expenses	---	1,180	---	1,180
Due to general fund	---	9,934	---	9,934
Liability to agency	<u>---</u>	<u>(2)</u>	<u>---</u>	<u>(2)</u>
Total liabilities	<u>\$ ---</u>	<u>\$ 11,178</u>	<u>\$ ---</u>	<u>\$ 11,178</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

TOWN OF BLACKSBURG, VIRGINIA
Schedule of General Fixed Assets by Source
June 30, 2002

General fixed assets:

Land	\$ 4,149,529
Buildings	8,172,772
Improvements other than buildings	513,688
Equipment	<u>9,195,891</u>

Total general fixed assets	<u><u>\$ 22,031,880</u></u>
----------------------------	-----------------------------

Investment in general fixed assets by source:

Capital projects funds:

General obligation bonds	\$ 8,180,769
State and federal grants	186,678
Contributions	214,609
General fund revenues	12,267,830
Special revenue fund revenues	<u>1,181,994</u>

Total investment in general fixed assets	<u><u>\$ 22,031,880</u></u>
--	-----------------------------

TOWN OF BLACKSBURG, VIRGINIA

Schedule of General Fixed Assets
by Function and Activity

June 30, 2002

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	Improvements Other than <u>Buildings</u>	<u>Equipment</u>
<u>Function and Activity</u>					
General Government:					
Control:					
Executive	\$ 239,780	\$ ---	\$ ---	\$ ---	\$ 239,780
Judicial	<u>7,625</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>7,625</u>
Total Control	<u>247,405</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>247,405</u>
Staff Agencies:					
Finance and Technology	883,581	---	---	---	883,581
Law	---	---	---	---	---
Planning and Engineering	302,606	---	---	---	302,606
General government buildings	<u>3,318,901</u>	<u>1,920,197</u>	<u>1,171,443</u>	<u>153,531</u>	<u>73,730</u>
Total Staff Agencies	<u>4,505,088</u>	<u>1,920,197</u>	<u>1,171,443</u>	<u>153,531</u>	<u>1,259,917</u>
Total General Government	<u>4,752,493</u>	<u>1,920,197</u>	<u>1,171,443</u>	<u>153,531</u>	<u>1,507,322</u>
Public Safety:					
Police protection	3,323,833	169,577	1,274,506	5,002	1,874,748
Fire protection and rescue services	<u>3,889,870</u>	<u>74,282</u>	<u>1,389,099</u>	<u>55,359</u>	<u>2,371,130</u>
Total Public Safety	<u>7,213,703</u>	<u>243,859</u>	<u>2,663,605</u>	<u>60,361</u>	<u>4,245,878</u>
Public Works	3,163,570	81,071	549,233	31,235	2,502,031
Recreation and Parks	6,849,508	1,859,860	3,781,091	267,897	940,660
Public Welfare	<u>52,606</u>	<u>44,542</u>	<u>7,400</u>	<u>664</u>	<u>---</u>
Total General Fixed Assets	<u>\$22,031,880</u>	<u>\$4,149,529</u>	<u>\$8,172,772</u>	<u>\$513,688</u>	<u>\$9,195,891</u>

Schedule 12

TOWN OF BLACKSBURG, VIRGINIA

Schedule of Changes in General Fixed Assets
by Function and Activity

For the fiscal year ended June 30, 2002

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deductions/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2002</u>
<u>Function and Activity</u>				
General Government:				
Control:				
Legislative	\$ 17,387	\$ ----	\$ 17,387	\$ ----
Executive	404,431	9,213	173,864	239,780
Judicial	<u>17,668</u>	<u>7,625</u>	<u>17,668</u>	<u>7,625</u>
Total Control	<u>439,486</u>	<u>16,838</u>	<u>208,919</u>	<u>247,405</u>
Staff Agencies:				
Finance	691,915	227,021	35,355	883,581
Law	9,920	---	9,920	---
Planning and Engineering	444,627	7,763	149,784	302,606
General government				
Buildings	<u>3,112,188</u>	<u>666,050</u>	<u>459,337</u>	<u>3,318,901</u>
Total Staff				
Agencies	<u>4,258,650</u>	<u>900,834</u>	<u>654,396</u>	<u>4,505,088</u>
Total General				
Government	<u>4,698,136</u>	<u>917,672</u>	<u>863,315</u>	<u>4,752,493</u>
Public Safety:				
Police protection	3,851,719	295,329	823,215	3,323,833
Fire protection and				
rescue services	<u>4,460,992</u>	<u>192,733</u>	<u>763,855</u>	<u>3,889,870</u>
Total Public Safety	<u>8,312,711</u>	<u>488,062</u>	<u>1,587,070</u>	<u>7,213,703</u>
Public Works	4,384,412	280,547	1,501,389	3,163,570
Recreation and Parks	6,513,029	123,837	(212,642)	6,849,508
Public Welfare	<u>52,606</u>	<u>---</u>	<u>---</u>	<u>52,606</u>
Total General				
Fixed Assets	<u>\$23,960,894</u>	<u>\$ 1,810,118</u>	<u>\$3,739,132</u>	<u>\$ 22,031,880</u>

SUPPLEMENTAL STATEMENT AND SCHEDULES

Schedule 13

TOWN OF BLACKSBURG, VIRGINIA

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2002

Federal Granting Agency/ Recipient State Agency/ (Payable) Grant Program/ June 30, Grant Number	Federal Catalog Number	Receivable (Payable) July 1, 2001	<u>Revenues</u>		<u>Receivable</u>	
			<u>Federal</u>	<u>Local</u>	<u>Expenditures</u>	<u>2002</u>

Department of Transportation:Pass Through Payments:Virginia Department of Transportation

Federal STP Transportation Enhancement Funds (NFO) ENCO-150-121, PE-101 RW-201	\$ 20.205	\$ 0	\$ 200,000	\$450,000	\$ 650,000	\$ 0
--	-----------	------	------------	-----------	------------	------

Virginia Department of

Rail and Public Transportation:

Urban Mass Transportation

Capital and Operating

Assistance Grants-Section 18 401-42000-2-1 42001-14 42000-52 43000-05 42098-52 477-71000-55 477-71001-57	20.507	0	4,911,631	1,215,503	6,127,134	0
---	--------	---	-----------	-----------	-----------	---

Department of Motor Vehicles:

0 Child Safety Seat	20.000	0	500	0	500	
J301-76-57676-7						
0 Bike Patrol Enforcement	20.000	0	5,269	0	5,269	
AL01-33-57033						
0 Construction Zone Speed Enforcement SC01-73-57573	20.600	0	5,000	0	5,000	
0 ALCO Sensors III	20.000	0	1,500	0	1,500	
ALO1-13-57013						

Direct Payments:Department of Justice:

COPS Fast Award Grant	16.711	<u>0</u>	<u>105,268</u>	<u>35,087</u>	<u>140,355</u>	<u>0</u>
95CFWX3596		<u>\$ 0</u>	<u>\$5,229,168</u>	<u>\$1,700,590</u>	<u>\$6,929,758</u>	<u>\$ 0</u>

See accompanying notes to schedule.

TOWN OF BLACKSBURG, VIRGINIA

June 30, 2002

Notes to Schedule of Expenditures of Federal Awards

- General. The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Blacksburg, Virginia. The Town of Blacksburg's reporting entity is defined in Note 1 to the Town's general purpose financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.
- Basis of Accounting. The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town's general purpose financial statements.
- Relationship to General Purpose Financial Statements. Federal financial assistance revenues are reported in the Town's general purpose financial statements as follows:

	Capital and Administrative Assistance Grants	Intergovern- mental Revenues	Total
General Fund	\$ ---	\$ 212,269	\$ 212,269
Enterprise Funds	<u>6,127,134</u>	<u>---</u>	<u>6,127,134</u>
Total	<u>\$ 6,127,134</u>	<u>\$ 212,269</u>	<u>\$6,339,403</u>

- Relationship to Federal Financial Reports. Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

Schedule 14

TOWN OF BLACKSBURG, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2002**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an **unqualified opinion** on the general purpose financial statements of the Town of Blacksburg, Virginia.
2. **No reportable conditions** relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the general purposed financial statements of the Town of Blacksburg, Virginia, were disclosed.
4. **No reportable conditions** relating to the audit of the major federal award program were reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for the Town of Blacksburg, Virginia, expresses an **unqualified opinion**.
6. Audit findings relative to the major federal award program for the Town of Blacksburg, Virginia, are reported in Part C. of this Schedule.
7. The program tested as a major program includes:

Urban Mass Transportation Operating and Capital Assistance Grants-Section 18
CFDA Number 20.507
8. The **threshold for** distinguishing Types A and B programs was \$300,000.
9. The Town of Blacksburg, Virginia, was determined to be a **low-risk auditee**.

B. FINDINGS-FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

None

D. FINDINGS AND QUESTIONED COSTS-COMMONWEALTH OF VIRGINIA

None

Schedule 15

TOWN OF BLACKSBURG, VIRGINIA
Computation of Legal Debt Margin
as of June 30, 2002

Total assessed value of real estate (including public service corporations)	<u>\$ 1,212,050,210</u>
Debt Limit: 10% of total assessed value of real estate ¹	<u>\$ 121,205,021</u>
Amount of debt applicable to debt limit:	
General bonded debt	\$ 8,394,612
Enterprise debt	4,805,387
Capital lease obligation	<u>882,140</u>
Less total amount of debt applicable to debt limit	<u>14,082,139</u>
Legal Debt Margin	<u>\$ 107,122,882</u>

¹Article 7, Section 10, of the Constitution of Virginia, mandates a limit on debt of the Town. In determining the limitation, there are certain classes of indebtedness that would not be included.

TOWN OF BLACKSBURG, VIRGINIA

STATISTICAL SECTION

(Unaudited)

NOT COVERED BY AUDITORS' OPINION

Table I

GENERAL FUND GOVERNMENTAL EXPENDITURES/ENCUMBRANCES AND OTHER USES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	<u>Legislative</u>	<u>Executive</u>	<u>Legal</u>	<u>Financial Services**</u>	<u>Police</u>	<u>Rescue and Fire</u>	<u>Public Works*</u>	<u>Technology***</u>
2002	\$ 247,212	\$ 870,097	\$ 162,583	\$ 993,695	\$ 4,146,656	\$ 628,229	\$ 3,136,947	\$ 327,239
2001	218,723	662,759	166,642	937,732	3,839,623	514,161	3,198,638	272,511
2000	229,656	543,497	149,780	775,455	3,731,111	457,763	2,666,096	239,563
1999	182,055	472,963	165,411	868,059	3,427,676	392,160	2,484,506	0
1998	162,226	466,905	130,203	811,705	3,294,622	495,565	2,315,881	0
1997	170,377	441,072	123,145	694,809	3,106,069	375,327	261,043	0
1996	168,536	438,629	118,228	639,520	2,952,738	359,787	2,152,782	0
1995	163,332	426,863	114,985	466,904	2,839,006	345,563	2,053,692	0
1994	163,137	429,487	117,856	441,787	2,711,252	339,421	2,021,479	0
1993	149,498	396,892	112,996	446,396	2,565,876	339,530	2,216,233	0

Fiscal Year	<u>Recreation</u>	<u>Capital Outlay</u>	<u>Insurance**</u>	<u>Planning and Engineering*</u>	<u>Other</u>	<u>Transfers</u>	<u>Total</u>
2002	\$ 1,293,617	\$ 650,000	\$ ---	\$ 1,318,580	\$ 106,589	\$ 2,777,508	\$ 16,658,952
2001	1,215,210	0	0	1,184,158	33,059	4,548,599	16,791,815
2000	1,024,300	0	0	1,056,634	22,356	4,068,150	14,964,361
1999	836,443	617,802	0	857,053	50,605	5,247,243	15,601,976
1998	782,871	0	0	842,734	55,735	3,191,484	12,549,931
1997	743,050	0	0	833,912	37,361	3,528,939	12,315,104
1996	685,210	0	0	800,725	91,893	2,754,530	11,162,578
1995	654,806	716,801	133,062	758,463	47,855	1,821,404	10,542,736
1994	553,019	532,290	116,619	607,868	55,860	1,708,302	9,798,377
1993	527,890	408,355	120,241	246,388	37,370	1,738,080	9,305,745

Source: Director of Financial Services, Town of Blacksburg.

* The Engineering and Inspections component of Public Works were combined into one department, Planning and Engineering, in FY 1993/94.

** Insurance was combined into Financial Services in FY 1995/96.

*** A new department effective July 1, 1999.

Table II

GENERAL FUND REVENUE AND OTHER FINANCING SOURCES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>Taxes</u>	<u>License Fees and Permits</u>	<u>Fines</u>	<u>Revenue From Use of Money</u>	<u>Charges for Services</u>
2002	\$7,942,330	\$1,546,904	\$215,267	\$148,533	\$1,505,418
2001	7,744,426	1,575,386	210,708	363,522	1,166,655
2000	7,588,575	1,411,495	191,522	263,726	1,178,547
1999	6,957,220	1,444,226	157,990	194,682	1,137,652
1998	6,275,039	1,140,971	142,391	196,967	1,136,959
1997	5,933,119	1,084,937	142,572	246,386	1,150,690
1996	5,656,426	991,537	139,107	161,010	1,157,450
1995	5,323,331	967,297	131,330	157,797	1,145,303
1994	4,865,294	1,033,013	125,663	95,938	1,152,311
1993	4,620,124	996,101	160,783	93,838	1,106,384

<u>Fiscal Year</u>	<u>From Other Agencies</u>	<u>Other</u>	<u>Other Financing Sources</u>	<u>Total</u>
2002	\$3,365,800	\$489,770	\$ 727,429	\$15,941,451
2001	3,019,205	448,692	3,260,596	17,789,190
2000	2,857,365	413,571	23,000	13,927,801
1999	2,291,595	362,308	3,590,083	16,135,756
1998	2,194,133	359,415	224,596	11,670,471
1997	2,154,752	326,024	2,100,000	13,138,480
1996	2,139,868	301,931	-	10,547,329
1995	2,139,888	286,940	1,065,639	11,217,525
1994	1,912,765	255,682	492,416	9,933,082
1993	1,790,223	242,435	569,373	9,579,261

Source: Director of Financial Services, Town of Blacksburg.

Table III

TAX REVENUE (GENERAL FUND) BY SOURCES
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Interest On Taxes</u>	<u>Utility Tax</u>	<u>Bank Franchise Tax</u>	<u>Consumer Share Local Sales Tax</u>	<u>Cigarette Tax¹</u>	<u>Meals Tax²</u>	<u>Other³</u>	<u>Total</u>
2002	\$2,415,624	\$2,299	\$1,500,946	\$203,230	\$826,243	\$160,505	\$1,647,795	\$1,185,688	\$7,942,330
2001	2,357,350	1,307	1,383,810	231,261	839,679	185,001	1,535,645	1,210,373	7,744,426
2000	2,312,242	11,989	1,338,469	204,559	949,790	185,012	1,488,055	1,098,459	7,588,575
1999	2,054,972	10,243	1,283,243	221,433	916,308	211,284	1,354,702	905,035	6,957,220
1998	1,743,319	7,547	1,236,241	217,812	847,557	195,722	1,243,725	783,116	6,275,039
1997	1,733,945	5,140	1,181,493	227,976	795,820	159,916	1,188,211	640,618	5,933,119
1996	1,708,465	3,270	1,156,375	201,109	741,961	175,547	1,085,717	583,982	5,656,426
1995	1,686,914	8,317	1,110,001	183,489	713,784	89,674	1,066,439	464,713	5,323,331
1994	1,625,657	4,691	1,067,269	173,015	669,129	107,003	1,059,835	158,695	4,865,294
1993	1,587,315	5,701	1,043,165	141,790	609,491	91,896	1,023,532	117,234	4,620,124

Source: Director of Financial Services, Town of Blacksburg.

¹The Town adopted a cigarette tax effective July 1, 1989, on all cigarette inventories. The rate was initially 1/4 cent per cigarette, which is equivalent to 5 cents per package of 20. Effective July 1, 1995, the rate was increased to 10 cents per package.

²The Town adopted a meals tax effective January 1, 1984, of 2% on all prepared food. The rate was increased to 3% effective July 1, 1989. Effective July 1, 1992 (FY 1993), the rate was increased to 4%.

³The Town split utility franchise fees from licenses and permits effective July 1, 1994.

Table IV

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Per \$100 Assessed Valuation	Total Tax Levy	Current Tax Collection	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As Percent of Current Levy
2002	\$0.2000	\$2,480,104	\$2,330,639	93.97%	\$84,985	\$2,415,624	97.40%	\$54,370	2.19%
2001	0.2000	2,360,831	2,306,272	97.69	51,078	2,357,350	99.85	52,556	2.23
2000	0.2000	2,313,210	2,276,133	98.40	38,859	2,314,992	100.07	31,586	1.37
1999	0.2000	2,048,277	2,010,072	98.13	47,496	2,057,568	100.45	37,745	1.84
1998	0.2000	1,745,763	1,706,841	97.77	37,730	1,744,571	99.90	26,870	1.54
1997	0.2000	1,719,830	1,704,262	99.09	33,943	1,738,205	101.07	22,433	1.30
1996	0.2000	1,705,500	1,700,015	99.68	13,573	1,713,588	100.47	22,213	1.30
1995	0.2000	1,646,056	1,613,055	98.00	77,693	1,690,748	102.72	58,518	3.56
1994	0.2000	1,593,075	1,571,411	98.64	58,241	1,629,652	102.30	44,307	2.78
1993	0.2000	1,586,443	1,538,561	96.98	54,688	1,593,249	100.43	49,048	3.09

Source: Director of Financial Services, Town of Blacksburg.

Table V

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Real Property ¹		Public Service Corporations		Total		Ratio of Total Assessed To Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2002	\$1,174,768,210	\$1,174,768,210	\$37,282,000	\$37,282,000	\$1,212,050,210	\$1,212,050,210	100%
2001	1,156,715,600	1,156,715,600	36,654,446	36,654,446	1,193,370,046	1,193,370,046	100
2000	1,131,776,780	1,131,776,780	36,799,786	36,799,786	1,168,576,566	1,168,576,566	100
1999	1,099,954,180	1,099,954,180 ⁴	28,781,859	28,781,859	1,128,736,039	1,128,736,039	100
1998	863,590,100	863,590,100	26,466,340	26,466,340	890,056,440	890,056,440	100
1997	870,211,717	870,211,717	24,923,487	24,923,487	895,135,204	895,135,204	100
1996	835,430,939	835,430,939	26,016,364	26,016,364	861,447,303	861,447,303	100
1995	816,582,023	816,582,023 ³	24,713,793	24,713,793	841,295,816	841,295,816	100
1994	781,072,700	781,072,700	23,520,751	23,520,751	804,593,451	804,593,451	100
1993	772,431,200	772,431,200	26,221,494	26,221,494	798,652,694	798,652,694	100

Source: Director of Financial Services, Town of Blacksburg.

¹Real property assessments are made by the Commissioner of Revenue of Montgomery County for concurrent use of the County and Town. Public Service Corporations are assessed by the State Corporation Commission. Blacksburg does not assess local personal property tax.

²Reassessment effective January 1, 1995.

³Reassessment effective January 1, 1999.

Table VI

PROPERTY TAX RATES AND TAX LEVIES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Tax Rate Per \$100 Assessed Valuation			Tax Levy ¹		Total
	<u>Town</u>	<u>County</u>	<u>Total</u>	<u>Town</u>	<u>County</u> ²	
2002	\$0.2000	\$0.815	\$1.0150	\$2,480,104	\$10,106,424	\$12,586,528
2001	0.2000	0.745	0.9450	2,360,831	8,794,095	11,154,926
2000	0.2000	0.680	0.8800	2,313,210	7,864,914	10,178,124
1999	0.2000	0.630	0.8300	2,048,277	6,452,072	8,500,349
1998	0.2000	0.760	0.9600	1,745,763	6,633,899	8,379,662
1997	0.2000	0.700	0.9000	1,719,830	6,048,622	7,768,452
1996	0.2000	0.700	0.9000	1,705,500	5,802,027	7,507,527
1995	0.2000	0.690	0.8900	1,646,056	5,009,673	6,655,729
1994	0.2000	0.730	0.9300	1,593,075	5,613,824	7,206,899
1993	0.2000	0.700	0.9000	1,586,443	5,357,310	6,943,753

Source: Director of Financial Services, Town of Blacksburg.

¹Effective January 1, 1987, real estate taxes became due on June 5 and December 5. A penalty of 10% or \$10.00, whichever is greater, is charged after the due date. Interest at the rate of 10% on tax and penalty is charged from January 1 and July 1 of the year after the tax is levied.

²As reported by the Montgomery County Assessor's Office for real estate within the Corporate limits of Blacksburg.

Table VII

RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Assessed Value</u>	<u>Net Bonded Debt²</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2002	40,294	\$1,212,050,210	\$8,394,612	.693	\$208.33
2001	39,933	1,193,370,046	8,815,591	.739	220.76
2000	39,573	1,168,576,566	7,368,840	.631	186.08
1999	38,600	1,128,736,039	8,048,150	.713	208.50
1998	35,760	890,056,440	6,519,900	.732	182.32
1997	35,760	895,135,204	7,087,900	.792	198.21
1996	35,580	861,447,303	5,295,900	.615	148.84
1995	35,400	841,295,816	5,923,900	.704	167.34
1994	35,230	804,593,451	5,496,900	.683	156.03
1993	35,100	798,652,694	5,560,000	.696	158.40

¹United States Bureau of the Census, 2000; estimates provided by Town of Blacksburg Planning Department, 1991-1999, 2001-2002.

²Does not include general obligation debt to be repaid by Enterprise Funds.

Table VIII

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2002
(Unaudited)

<u>Name of Governmental Unit</u>	<u>Outstanding</u>	<u>Unit</u>	<u>Share of Debt</u>
<u>Direct Debt</u>			
Town of Blacksburg			
General Bonded Debt	\$8,394,612	100.00 %	\$8,394,612
Water and Sewer Bonded Debt			
(Self Supporting)	4,307,763	100.00	4,307,763
Golf Course	497,625	100.00	497,625
(Self Supporting)			
<u>Overlapping debt¹</u>			
Montgomery County			
General Bonded Debt	<u>40,876,657</u>	35.70 ²	<u>14,592,967</u>
Total Direct and			
Overlapping Debt	<u>\$54,076,657</u>		<u>\$27,792,967</u>

Source: Director of Financial Services, Town of Blacksburg.

¹Overlapping Debt is not bonded debt of the Town of Blacksburg on either a direct or contingent basis, but represents the share of debt of Montgomery County which the residents of the Town of Blacksburg are obligated to pay through direct tax levies by Montgomery County. The debt of Montgomery County is a direct general obligation debt of the County for school facilities to benefit citizens of the County as a whole, including those residing within the Town.

²Based on Town's assessed valuation as a percentage of the County's assessed valuation.

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Other Debt Service Costs</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures/ Encumbrances</u>	<u>Ratio of Debt Service to Total General Fund Expenditures</u>
2002	\$720,979	\$455,290	\$ 1,273	\$1,177,542	\$16,658,952	7.07%
2001	1,524,443 ³	331,897	37,559	1,893,899	16,791,815	11.28
2000	679,310	386,580	1,181	1,067,071	14,964,361	7.13
1999	2,166,750 ²	350,715	28,336	2,545,801	15,601,976	16.32
1998	568,000	412,316	3,202	983,518	12,549,931	7.84
1997	608,000	373,572	17,599	999,171	12,315,104	8.11
1996	628,000	349,897	1,865	979,762	11,162,578	8.78
1995	573,000	355,613	14,896	943,509	10,542,736	8.95
1994	613,100	364,906	2,158	980,164	9,798,377	10.00
1993	465,000	320,760	23,615	809,375	9,305,745	8.70

Source: Director of Financial Services, Town of Blacksburg.

¹During the fiscal year, \$840,000 of bonds outstanding for the Town's 1982 general obligation bond issue, callable May 1, 1992, were refunded.

²During the fiscal year, \$1,585,000 of bonds outstanding for the Town's 1990 general obligation bond issue, callable September 24, 1998, were refunded.

³During the fiscal year \$783,000 of bonds outstanding for the Town's 1992 and 1994 general obligation bond issues were advance refunded.

SCHEDULE OF ENTERPRISE/WATER AND SEWER FUND BOND COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2002	\$6,532,370	\$4,858,688	\$1,673,682	\$323,671	\$211,803	\$535,474	3.13
2001	6,698,400	4,767,745	1,930,655	253,041	166,136	419,177	4.61
2000	6,271,208	4,588,685	1,682,523	260,690	158,233	418,923	4.02
1999	6,546,472	4,484,639	2,061,833	183,250	155,271	338,521	6.09
1998	6,042,378	4,487,236	1,555,142	182,000	142,955	324,955	4.79
1997	5,400,401	4,132,000	1,268,401	162,000	146,631	308,631	4.11
1996	4,667,346	4,229,652	437,694	157,000	122,441	279,441	1.57
1995	4,408,800	4,153,098	255,702	127,000	119,420	246,420	1.04
1994	4,077,676	4,063,905	13,771	306,900	89,836	396,736	0.03
1993	3,972,747	3,743,643	229,104	280,000	106,124	386,124	0.59
1992	3,964,155	3,363,552	600,603	390,000	107,760	497,760	1.21

Source: Director of Financial Services, Town of Blacksburg.

¹Total expenses exclusive of depreciation and bond interest.

DEMOGRAPHIC STATISTICS
(Unaudited)

<u>Year</u>	<u>Population</u>
1950.....	3,358
1960.....	7,070
1970.....	9,384
1980.....	30,638 ¹
1990.....	34,590
1999.....	39,050
2000	39,573

Sources: United States Bureau of the Census.
Town of Blacksburg Department of Planning & Engineering

¹U. S. Census restated after annexation.

Income Profile
Median Family Income

<u>Montgomery County (includes Town)</u>			<u>Commonwealth of Virginia</u>		
<u>1990</u>	<u>1996</u>	<u>1998¹</u>	<u>1990</u>	<u>2000</u>	<u>2001</u>
\$34,031	\$33,978	\$40,600	\$36,175	\$49,858	\$49,360

<u>Per Capita Income</u>					
<u>Montgomery County³</u>			<u>Commonwealth of Virginia</u>		
<u>1990</u>	<u>1999</u>	<u>2000²</u>	<u>1990</u>	<u>1999</u>	<u>2000²</u>
\$13,243	\$18,528	\$19,576	\$19,701	\$29,299	\$31,120

Source: Center for Public Service, University of Virginia.
Information not available for towns in Virginia. Blacksburg is included in statistics for Montgomery County.

¹Latest available projection from the Weldon Cooper Center.

²Latest available data.

³Includes City of Radford

Unemployment Rate¹

	<u>June</u> <u>2002</u>	<u>June</u> <u>2001</u>	<u>June</u> <u>2000</u>	<u>June</u> <u>1999</u>	<u>June</u> <u>1998</u>
Montgomery County (includes Town of Blacksburg)	2.9%	3.0%	2.2%	2.3%	1.5%
Commonwealth of Virginia	4.3	3.2	2.9	3.2	2.5
United States	6.0	4.7	4.2	4.2	4.1

Table XII

SCHEDULE OF PROPERTY VALUE CONSTRUCTION AND BANK DEPOSITS
LAST TEN CALENDAR YEARS
(Unaudited)

Calendar Year	<u>Residential Construction</u>		<u>Commercial Construction</u>		<u>Institutional & Industrial Construction</u>		<u>Total</u> ¹		<u>Bank</u> ² <u>Deposits</u>	<u>Property Value</u>
	<u>No. of Units</u>	<u>Value</u>	<u>No. of Units</u>	<u>Value</u>	<u>No. of Units</u>	<u>Value</u>	<u>No. of Units</u>	<u>Value</u>		
2001	56	\$9,311,861	2	\$6,016,000	2	\$13,148,720	63	\$28,476,581	\$360,568,572	\$1,212,050,210
2000	77	9,234,890	8	10,233,800	1	3,000,000	86	22,468,690	408,380,755	1,193,370,046
1999	450	13,796,407	80	12,348,159	-	0	530	26,144,566	340,022,838	1,168,576,566
1998	426	26,145,634	4	4,965,000	1	312,000	431	31,422,634	357,375,691	1,128,736,039
1997	287	20,108,499	42	10,337,149	4	60,750	333	30,506,398	320,600,914	890,056,440
1996	138	11,387,414	7	2,341,347	-	-	145	13,728,761	298,765,782	895,135,204
1995	302	11,040,456	65	12,358,727	2	133,410	396	23,532,593	280,995,952	861,447,303
1994	555	13,939,946	88	16,232,964	4	33,067	647	30,205,977	247,065,916	841,295,816
1993	85	9,535,551	5	5,612,000	-	-	90	15,147,551	298,509,526	804,593,451
1992	192	10,599,200	9	4,102,329	-	-	201	14,701,529	307,865,294	798,652,694

Source: Director of Planning and Engineering, Town of Blacksburg.

¹Includes apartments.

²Source: Director of Financial Services, Town of Blacksburg. Bank deposits are amounts on deposit as of January 1, 2001. (Does not include deposits held at savings banks, credit unions or other financial institutions.)

Table XIIIPrincipal Taxpayers
as of June 30, 2002
(Unaudited)

<u>Name</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Foxridge Association	Apartments	\$ 46,196,300	3.81
Bell Atlantic Telephone of Virginia	Public Service	21,376,847	1.76
SHP-The Village at Blbg Inc	Apartments	17,157,100	1.42
Terrace View Assoc.	Apartments	11,686,300	0.97
Diversified Interest	Apartments	12,231,200	1.01
Windsor Hills I LP	Apartments	10,328,500	.85
William H. Price	Apartments/Rental	6,439,700	.53
CSB LLC II	Apartments	14,065,100	1.16
Shawnee Apartments	Apartments	6,564,400	.54
Snyder Hunt Corp.	Construction	7,865,100	.65
New River Valley Associates, Ltd.	Apartments	7,879,600	.65
Oakbridge West LLC	Apartments	7,892,900	.65
C P Properties LLC	Shopping Center/Rental	6,844,500	.57
American Electric Power	Public Service	9,105,948	.75
The Rock Morton Land and Cattle Co	Motel	6,874,800	.57
Robert Pack	Commercial/Apartments	6,565,800	.54
Vernon Baker	Apartments/Rental	6,196,400	.51
Jeanne H. Stosser	Apartments	6,075,100	.50
Warner-Lambert	Industrial	5,128,800	.42
Federal Mogul	Industrial	<u>5,570,800</u>	<u>.46</u>
Total		<u>\$ 222,045,195</u>	<u>18.32%</u>

Sources: Commissioner of Revenue, Montgomery County and Director of Financial Services, Town of Blacksburg.

Table XIV

TOWN OF BLACKSBURG, VIRGINIA

MISCELLANEOUS STATISTICS

June 30, 2002

(Unaudited)

Date of Incorporation	March 22, 1871
Form of Government	Council - Manager
Area	19.5 miles
Miles of Streets	223
Number of Street Lights	1,442
Fire Protection:	
Number of stations	2
Number of firemen, rescue members, and officers (all volunteers)	153
Police Protection:	
Number of stations	1
Number of policemen and officers	58
Education:	
Number of schools	6
Number of students	3,399
Municipal Water Department:	
Number of customers	7,347
Average daily consumption	3.9 million gallons
Miles of water mains	150.3
Sewers:	
Miles of sanitary sewers	134.8
Miles of storm sewers	53.4
Building permits issued	63
Recreation and Culture:	
Number of parks	19
Number of public libraries (Blacksburg branch)	1
Number of books at branch	65,756
Number of branches in the regional public library	3
Number of books	184,234
Municipal Employees:	

Classified positions
Exempt

246
2

Table XV

Town of Blacksburg, Virginia
Continuing Bond Disclosures

Five Year Summary of
Revenues, Expenditures and Fund Balances
General Fund

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Revenues:					
Taxes	\$ 6,275,039	\$ 6,957,220	\$ 7,588,575	\$ 7,744,426	\$ 7,942,330
Licenses, fees and permits	1,140,971	1,444,226	1,411,495	1,575,386	1,546,904
Intergovernmental revenues	2,194,133	2,291,595	2,857,365	3,019,205	3,365,800
Charges for current services	1,136,959	1,137,652	1,178,547	1,166,655	1,505,418
Fines and forfeitures	142,391	157,990	191,522	210,708	215,267
Revenue from use of money	196,967	194,682	263,726	363,522	148,533
Other revenue	359,415	362,308	413,571	448,692	489,770
Other financing sources	224,597	3,590,083	23,000	3,260,596	727,429
Total revenues and transfers	<u>11,670,472</u>	<u>16,135,756</u>	<u>13,927,801</u>	<u>17,789,190</u>	<u>15,941,451</u>
Expenditures:					
Legislative	\$ 157,912	\$ 182,055	\$ 229,656	\$ 218,723	\$ 247,212
Executive	465,758	472,963	542,686	662,525	867,247
Legal	130,203	165,411	149,780	166,642	162,473
Judicial	8,129	7,809	7,241	7,817	17,942
Finance	810,695	867,926	775,322	900,475	989,795
Technology	-	-	238,879	272,511	327,239
Police	3,282,248	3,424,957	3,730,899	3,820,171	4,124,354
Fire and Rescue	491,901	388,635	455,032	440,683	624,006
Public Works	2,306,235	2,483,881	2,660,695	3,176,698	3,107,588
Parks and Recreation	773,402	835,266	1,009,748	1,205,198	1,291,778
Planning and Engineering	842,174	855,471	1,056,573	1,178,196	1,303,164
Capital	-	617,802	-	-	650,000
Non-departmental and transfers	2,255,573	2,744,238	3,014,394	2,672,317	1,688,613
Debt Service	983,518	2,545,801	1,067,071	1,893,899	1,177,542
Total expenditures and transfers	<u>12,507,748</u>	<u>15,592,215</u>	<u>14,937,976</u>	<u>16,615,855</u>	<u>16,578,953</u>
Excess (deficiency) of revenues over expenditures and transfers	\$ (837,276)	\$ 543,541	\$ (1,010,175)	\$ 1,173,335	\$ (637,502)
Fund balance at beginning of year	<u>2,767,546</u>	<u>1,930,270</u>	<u>2,473,811</u>	<u>1,463,636</u>	<u>2,636,971</u>
Fund balance at end of year	<u>\$ 1,930,270</u>	<u>\$ 2,473,811</u>	<u>\$ 1,463,636</u>	<u>\$ 2,636,971</u>	<u>\$ 1,999,469</u>
Reserved:					
Reserved for encumbrances	\$ 42,184	\$ 9,761	\$ 26,385	\$ 175,960	\$ 79,999
Reserved for inventory	113,345	111,717	114,548	139,247	13,119
Reserved for prepaid expenditures	-	18,497	9,980	32,223	126,260
Total reserved fund balance	\$ 155,529	\$ 139,975	\$ 150,913	\$ 347,430	\$ 219,378
Total unreserved fund balance	<u>1,774,741</u>	<u>2,333,836</u>	<u>1,312,723</u>	<u>2,289,541</u>	<u>1,780,091</u>
Ending fund balance	<u>\$ 1,930,270</u>	<u>\$ 2,473,811</u>	<u>\$ 1,463,636</u>	<u>\$ 2,636,971</u>	<u>\$ 1,999,469</u>

(continued)

Table XV, Continued

Town of Blacksburg, Virginia
Continuing Bond Disclosures

Five Year Summary of
Revenues, Expenditures and Changes in Retained Earnings
Water and Sewer Fund

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Operating Revenues:					
Charges for current services:					
Water	\$ 3,046,869	\$ 2,962,193	\$ 2,965,948	\$ 3,068,934	\$ 2,941,090
Sewer	2,515,650	2,716,328	2,771,838	2,968,657	3,002,423
Total Charges for current services	\$ 5,562,519	\$ 5,678,521	\$ 5,737,786	\$ 6,037,591	\$ 5,943,513
Availability, installation and connection fees:					
Availability and transfer fees	\$ 116,110	\$ 508,740	\$ 137,170	\$ 155,485	\$ 99,975
Meter installation	105,331	108,238	91,183	94,376	49,698
Connection charges	53,390	51,621	53,864	62,141	107,359
Total availability, installation and connection fees	\$ 274,831	\$ 668,599	\$ 282,217	\$ 312,002	\$ 257,032
Other fees	\$ 10,220	\$ 693		\$ 35,141	\$ 77,427
Total operating revenues	\$ 5,847,570	\$ 6,347,813	\$ 6,020,003	\$ 6,384,734	\$ 6,277,972
Operating Expenses:					
Other operating expenses:					
Water	\$ 1,653,002	\$ 1,767,672	\$ 1,699,963	\$ 1,707,962	\$ 1,734,012
Sewer	2,053,560	1,927,716	2,007,359	2,094,734	1,947,828
Total other operating expenses	\$ 3,706,562	\$ 3,695,388	\$ 3,707,322	\$ 3,802,696	\$ 3,681,840
Administration	780,674	789,251	881,363	965,049	1,176,848
Depreciation	463,694	497,703	511,424	533,709	556,367
Total operating expenses	\$ 4,950,930	\$ 4,982,342	\$ 5,100,109	\$ 5,301,454	\$ 5,415,055
Operating income (loss)	\$ 896,640	\$ 1,365,471	\$ 919,894	\$ 1,083,280	\$ 862,917
Non-Operating Revenues (Expenses):					
Interest on investments	\$ 188,320	\$ 196,124	\$ 245,868	\$ 258,899	\$ 184,632
Other income	6,488	2,535	5,337	54,767	69,766
Interest on serial bonds and capital leases	(235,621)	(239,657)	(233,869)	(232,416)	(268,588)
Net non-operating revenues (expenses)	\$ (40,813)	\$ (40,998)	\$ 17,336	\$ 81,250	\$ (14,190)
Income before operating transfers	\$ 855,827	\$ 1,324,473	\$ 937,230	\$ 1,164,530	\$ 848,727
Operating Transfers:					
From other funds	599,816	562,058	935,647	441,310	378,140
To other funds	(844,118)	(1,411,905)	(912,814)	(701,389)	(1,820,590)
Net Income (loss)	\$ 611,525	\$ 474,626	\$ 960,063	\$ 904,451	\$ (593,723)
Retained Earnings at beginning of year	3,502,298	4,162,078	4,684,959	5,693,277	6,645,983
Transfer of depreciation on contributed fixed assets	48,255	48,255	48,255	48,255	48,255
Retained Earnings at end of year	\$ 4,162,078	\$ 4,684,959	\$ 5,693,277	\$ 6,645,983	\$ 6,100,515

(continued)

Table XV, continued

Town of Blacksburg, Virginia
Continuing Bond Disclosures

Taxable Retail Sales and
Taxable Retail Sales Per Capita
Montgomery County (Including Blacksburg)

	<u>Population</u>	<u>Taxable Retail Sales</u>	<u>Taxable Retail Sales per Capita</u>
1992	74,400	425,547,435	5,719.72
1993	74,900	468,531,549	6,255.43
1994	76,000	499,267,090	6,569.30
1995	76,200	525,786,401	6,900.08
1996	76,600	554,948,518	7,244.76
1997	76,300	594,843,185	7,796.11
1998	76,700	629,655,833	8,209.33
1999	78,400	662,979,926	8,456.38
2000	83,629	700,357,723	8,374.58
2001	84,300	711,534,071	8,440.50

(continued)

Compliance Section

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Members of Town Council
Town of Blacksburg, Virginia

We have audited the general purpose financial statements of the Town of Blacksburg, Virginia, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *the Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Compliance

As part of obtaining reasonable assurance about whether the Town's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants including certain provisions of the compliance matters described in the Summary of Compliance Matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as Item 02-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The following reportable condition was noted:

In general, internal control is designed to safeguard assets and help prevent losses from employee dishonesty or error. A fundamental concept of internal control is the separation of duties. The basic premise of this concept is that no one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. Due to the limited staff size of the Town, a proper separation of duties cannot be established and maintained.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness.

This report is intended solely for the information of the audit committee, management, state and federal awarding agencies, and pass-through entities and Town Council. It is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 11, 2002

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Honorable Members of the Town Council
Town of Blacksburg, Virginia

Compliance

We have audited the compliance of the Town of Blacksburg with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, federal awarding agencies and pass-through entities, and Town Council. It is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 11, 2002

**INDEPENDENT AUDITOR'S COMMENTS ON RESOLUTION
OF PRIOR YEAR AUDIT FINDINGS**

Honorable Members of Town Council
Town of Blacksburg, Virginia

We reviewed the prior year report during the course of this audit to determine if the Town of Blacksburg, Virginia has implemented adequate corrective action with respect to previously reported audit findings. The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior audit's Summary Schedule of Prior Audit Findings.

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 11, 2002

TOWN OF BLACKSBURG, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2002

As more fully described in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Town's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Personal Property Tax Relief Act

Enhanced E-911 Service Taxes

State Agency Requirements

Highway Maintenance Funds

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.